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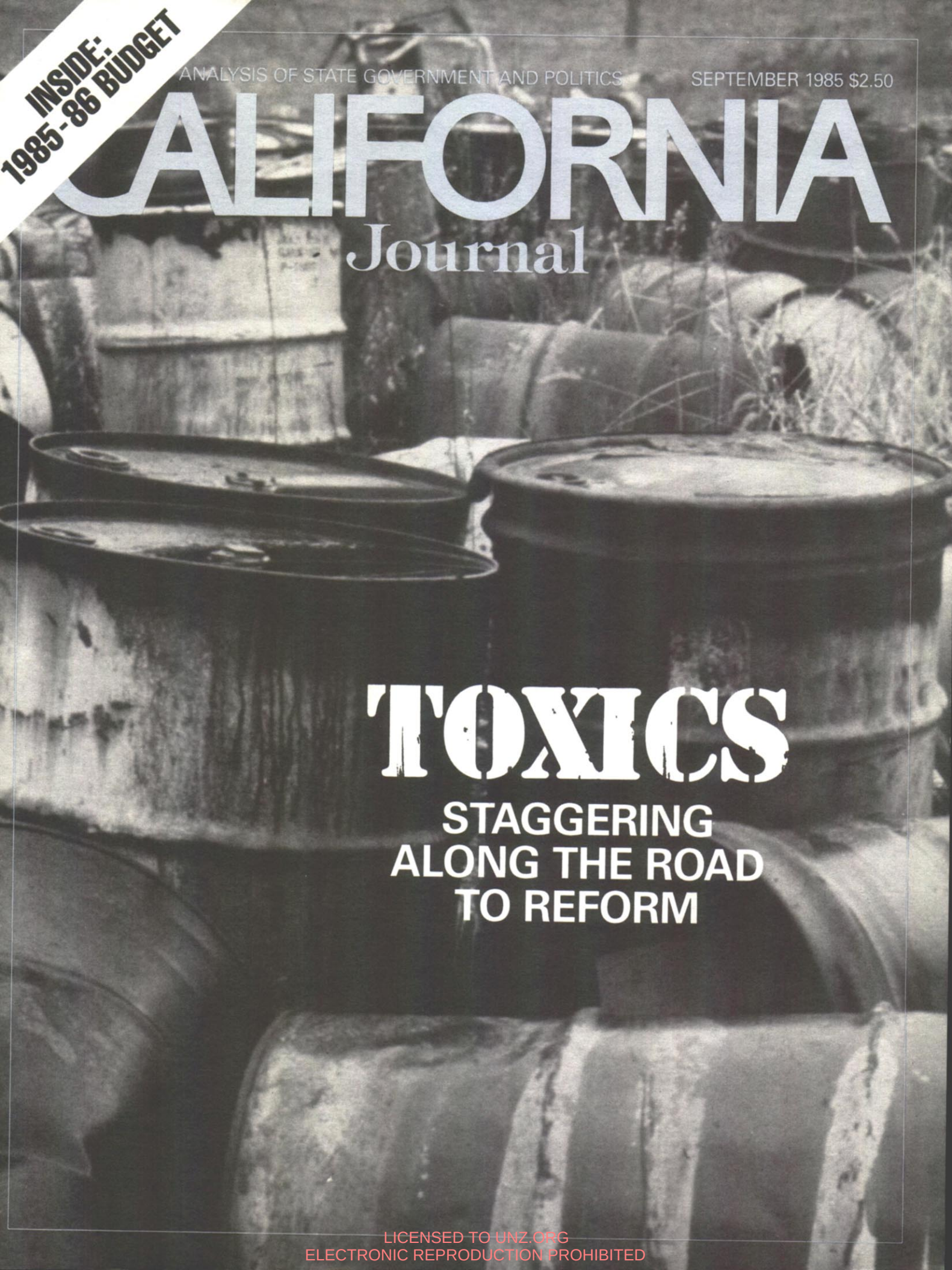

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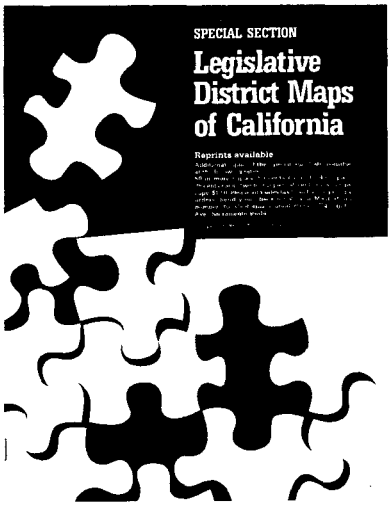

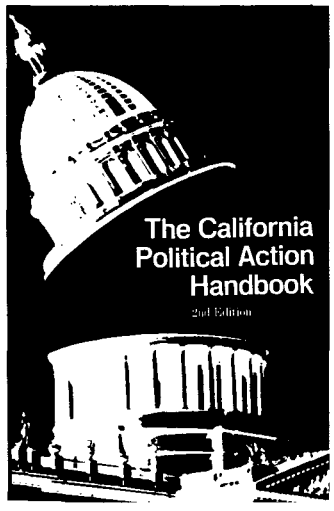

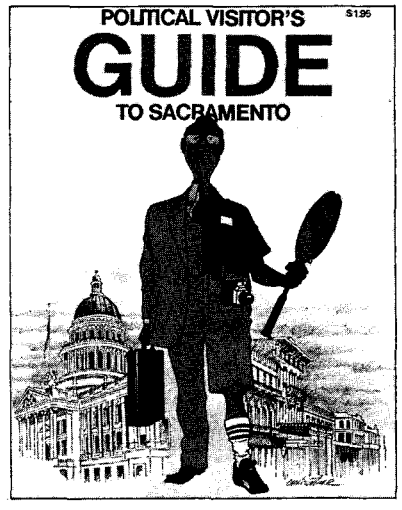

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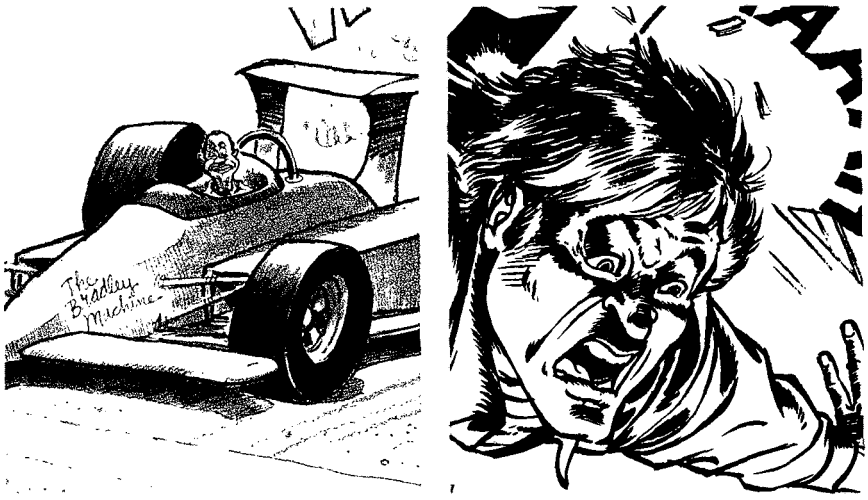

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It's not bad work if you can get it, and Robert Riggs has — enough of it to cost the state nearly $200,000 next year.

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Ronald Reagan couldn't avoid it, nor could Jerry Brown. The question is: After the '86 elections, will George Deukmejian?

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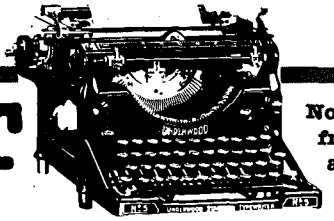
UP FRONT



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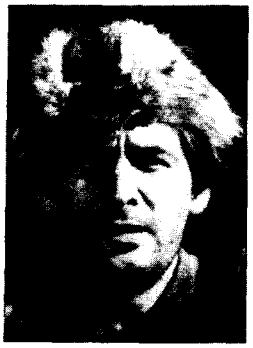

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Former actor Fess Parker has made it known that like Davy Crockett — the character he portrayed in his most famous role — he'd be willing to do spell as a public servant. Unlike the character he portrayed, who started as a member of the Tennessee Assembly, Parker wants to start closer to the top — say the U.S. Senate. Now a developer, Parker could join a field of close to a dozen other Republicans seeking to oust Democrat Alan Cranston (see "Davy Crockett in Santa Barbara," *CJ*, May 1985). Parker, in some respects, may be more like the real Davy Crockett than his television portrayal. In the Walt Disney version, Crockett was a shy backwoodsman, reluctantly sent into public life. The real-life Crockett was a self-promoter who some historians believe was also the author of the frontier novels that created the Crockett legend.

Chutzpah of the Month Award: To state Treasurer Jesse Unruh for sending out, at taxpayers' expense, a press release touting his accomplishments after 10 years in office. While self-serving releases are nothing new in politics, this one was suggested to editors as "an editorial." Some notable lines:

— "Every morning for the last ten years, state Treasurer Jesse M. Unruh has been making decisions that have helped California earn her stripes as the 'Golden State.' "

— "Much of the success of the state's investment program can be attributed to the aggressive leadership of Treasurer Unruh."

— "Mr. Unruh's sound fiscal policies and diligent efforts to secure an upgrade of the state's credit rating have returned California to the forefront of the national capital marketplace."

Larry Thomas, Governor George Deukmejian's press secretary, was discussing Lieutenant Governor Leo McCarthy's political future earlier this month when he fell asleep in mid-sentence. Thomas was on his way to South Lake Tahoe and had just paid a brief visit to "Poor Reds" in El Dorado where he drank just one Gold Cadillac, the bar's specialty. When Thomas awakened, he explained, "Sometimes it's better to go to sleep than answer the question." Some political observers say Deukmejian would like someone from his own Republican Party to replace Democrat McCarthy next year so the governor would be free to take part in national politics in 1988.

(Richard Paddock, Los Angeles Times*)*

Wrangler Willie Brown, one of the meanest cowpokes west of Oakland, for some time has had a lock on an unusual Capitol event; his team of cowboys has been the victors at the Pacific Coast Quarter Horse Racing Association's roundup, which, among other things, calls for lawmakers on horseback to cut four cows out of a group of 20 and mosey them along to a small pen at the far end of the arena. However, this year Brown had more competition than usual in the form of Republican Assemblyman Bill Jones, who is a real rancher from Fresno. Jones and his team, which included another ranch owner — Los Banos Democrat Rusty Areias — creamed Brown. Said Jones: "The speaker had mentioned on the floor that his team was the best. I felt that had to be proven." Jones used a strategy his colleagues might be wise to emulate for legislative affairs. He got the cows into the pen with "the least amount of cowboying and hoopderah. Stampeding cows is more for movies," said Jones. Brown, however, contends Jones "cheated." "Those were trained Republican, right-wing cattle. Responsive only to someone who's lived near the Kesterson project. They cooperated completely," said the speaker. He vowed to regain the title next year. Rumor has it, however, that both Jones and Brown may have been helped along because whenever a legislator's team is performing, sponsors seed the pen with grain to more quickly attract the moseying cows.

It wasn't long ago — August 1984, to be exact — that San Francisco Mayor Dianne Feinstein was extolling the virtues of high-tech and smiling brightly from the cover of *PC World*, an IBM-related magazine (see "Up Front," *CJ*, September 1984). But her honor seems to have soured a bit on computers. In the June 24, 1985, *Business Week*, she's quoted as saying, "I wouldn't have one (a computer) on my desk. . . . (I've) always been suspicious of the golden glow of high technology." Feinstein is also reported to have threatened to divert every proposed city-budget dollar for new computers to some other purpose. Although this sounds like the mayor is trashing computers, her press secretary, Tom Eastham, says Feinstein is still high on high-tech. But as a prudent public official, he says, she has to be shown that computerization saves money before the city pours more millions of dollars into buying hardware, software and a few zillion yards of cable. A $90 million investment in computerization hasn't saved the city a nickel so far, says Eastham, thus the mayor's skeptical remarks.

Joel Moskowitz, Governor Deukmejian's controversial former toxics director, had a somewhat abrupt departure in June, some said one step in front of his Legislative critics. But he did take time to leave behind an example of his sense of humor. Found on his desk the morning after he left was the following note: "The only thing which I received from my predecessor when I moved in here was a Rolaids in this desk. At the time, I never used Rolaids, but now have acquired quite a taste for them. Because I believe in leaving more in this world than I took out, here are two Rolaids. Good luck." So far, Deukmejian hasn't found anyone to take Moskowitz' place.

(Suzanne Cross, Sacramento)

Burt Lancaster, he isn't, but Governor Deukmejian can rightfully claim the title "Rainmaker" for the town of Alturas. The governor's visit there — the first time in 11 years that a California chief executive had set foot in Modoc County — coincided with the most severe six-month drought in Alturas history. But although the weather forecast for his visit promised more of the same, Deukmejian had to deliver his speech in a light — albeit steady — drizzle.

(Steve Swatt, KCRA-TV, Sacramento)

One Alturan, a rancher, thought the governor's visit was the most exciting local event in more than a year. So what happened last year that was as exciting? "We had 25,000 of them hippies here for the Rainbow Family Reunion," he said. "Now *that* was really something to see."

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Former Republican Assemblyman and lobbyist Kent Redwine was killed in an automobile accident August 4th near Palm Springs. Popular with his fellow lobbyists and lawmakers, Redwine, 87, retired only last year as representative for the Alliance of Motion Picture and Television Producers. He became the group's representative after leaving the Legislature in 1939. He had served three terms representing the Hollywood area. A native of Salmon City, Idaho, Redwine was graduated from Stanford University and held a law degree from the University of Southern California.

California Republicans are finding out they may need to make more changes than they bargained for if they are to really become the majority party in the state. Republican Party officials in Los Angeles County earlier this summer bowed to what may be at least part of the wave of the future when they agreed to grant a charter to the Log Cabin Republican Club, the first official recognition ever given to a Republican club whose membership is gay and lesbian. The club had to work nearly four years before seeking party recognition, according to Don Genhart, the group's president. It first had to prove it was capable of recruiting new members for the party. It now has 400 members of its own and has started new chapters in Orange County and San Diego. Genhart, marketing manager for a West Hollywood hotel, said it was a "myth" that all gays were Democrats. "There are a lot of conservative Republicans out there who are gay. We wanted to prove we were responsible and work through the party."

Although he drives the Senate's least-expensive rental car, maybe it's time Bill Richardson arranged for a new one anyway. The Republican senator from Arcadia putts around in a 1981 Ford Bronco that leases for only $1618.91 per year. But according to the Senate Rules Committee, taxpayers last year paid out more in maintenance for Richardson's four-wheeler than for any other vehicle leased to a senator — $2621, or over a grand more than the lease itself. The Bronco also guzzled $2495 worth of gas and oil, fifth highest in the Senate.

(John Frith, Simi Valley)

The publishers of New York's *Empire State Report*, a monthly magazine on government and finance, early next year expect to start their first California magazine, tentatively to be called *Golden State Report*. Publishers of the "controlled circulation" magazine initially attempted to buy the *California Journal* but were turned down by the board of directors. New editor for the magazine will be Ed Salzman, former Capitol bureau chief for *The Sacramento Bee* and former editor of *California Journal*. Salzman reported at his *Bee* going-away luncheon that the newcomers, in addition to giving away the magazine to its pre-selected audience, will give away a free umbrella to anyone who wants to pay for a subscription.

William Endicott, former *Los Angeles Times* Capitol bureau chief, has been named new Capitol chief for *The Sacramento Bee*. Endicott left the *Times* and for a brief time was a *Bee* education writer before replacing Ed Salzman in the top Capitol job. Returning to Sacramento to head the *Times'* capitol bureau will be George Skelton, who has been in Washington covering the Reagan White House for the *Times*.

Sharp-eyed Councilman David J. Bellis of Signal Hill noted that in last month's Roll Call we had Republican Assemblyman Dennis Brown voting both "yes" and "no" on AB1217 (Isenberg), a measure that would allow chain eye-care firms to do business in California. However, he fell short as a prognosticator, guessing Brown had voted against the bill. In fact, Brown's office said he was a "yes" vote.

For a complete analysis of the 1985-86 California budget, see the special section in this issue of the Journal.

Come across a blurb lately that's nosy, newsy or smart-alecky about California government, politics or politicians? Share it with the Journal. *We pay up to $25 for entertaining tidbits published in "Up Front," so rush your items to Up Front, 1714 Capitol Avenue, Sacramento 95814. Sorry, submissions cannot be returned.*

The trouble with our age is all signposts and no destination.
— Louis Kronenberger

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GLITCHES GREMLINS & SWOAP

STAGGERING ALONG THE ROAD TO TOXIC WASTE REFORM IN CALIFORNIA

By STEPHEN GREEN

"The meanest thing you can say about a man is that he meant well."
— Harry S. Truman

David Swoap is a man who believes in good intentions. If you buy Harry Truman's logic, that's why Swoap made such a spectacle of himself during the last weeks of June. As Governor George Deukmejian's Health and Welfare secretary, it was Swoap's job to sell the Legislature on a plan to reorganize the state's hazardous waste programs into a new Department of Waste Management.

The plan looked like a winner, given almost universal disgust with the state's fractured approach to toxic problems, where authority is scattered among a dozen departments. But Assembly Democrats dumped it, giving Republican Deukmejian one of his major legislative defeats.

Swoap maintains the plan was "the best reorganization plan ever submitted," because it met the governor's goal of consolidating waste management functions while still preserving all of the state's ability to handle toxic problems.

Swoap had to defend the plan at a series of grueling hearings against mounting charges that even its flaws had flaws. "Minor glitches and gremlins can sneak into any complex reorganization proposal," Swoap insisted. "Look at our intent, and you'll see we never intended to weaken any environmental law." If there were "extraordinarily minimal and unintentional drafting errors," Swoap said repeatedly, they could be fixed in follow-up legislation.

But the harder Swoap argued, the more both the plan and its intent came into question.

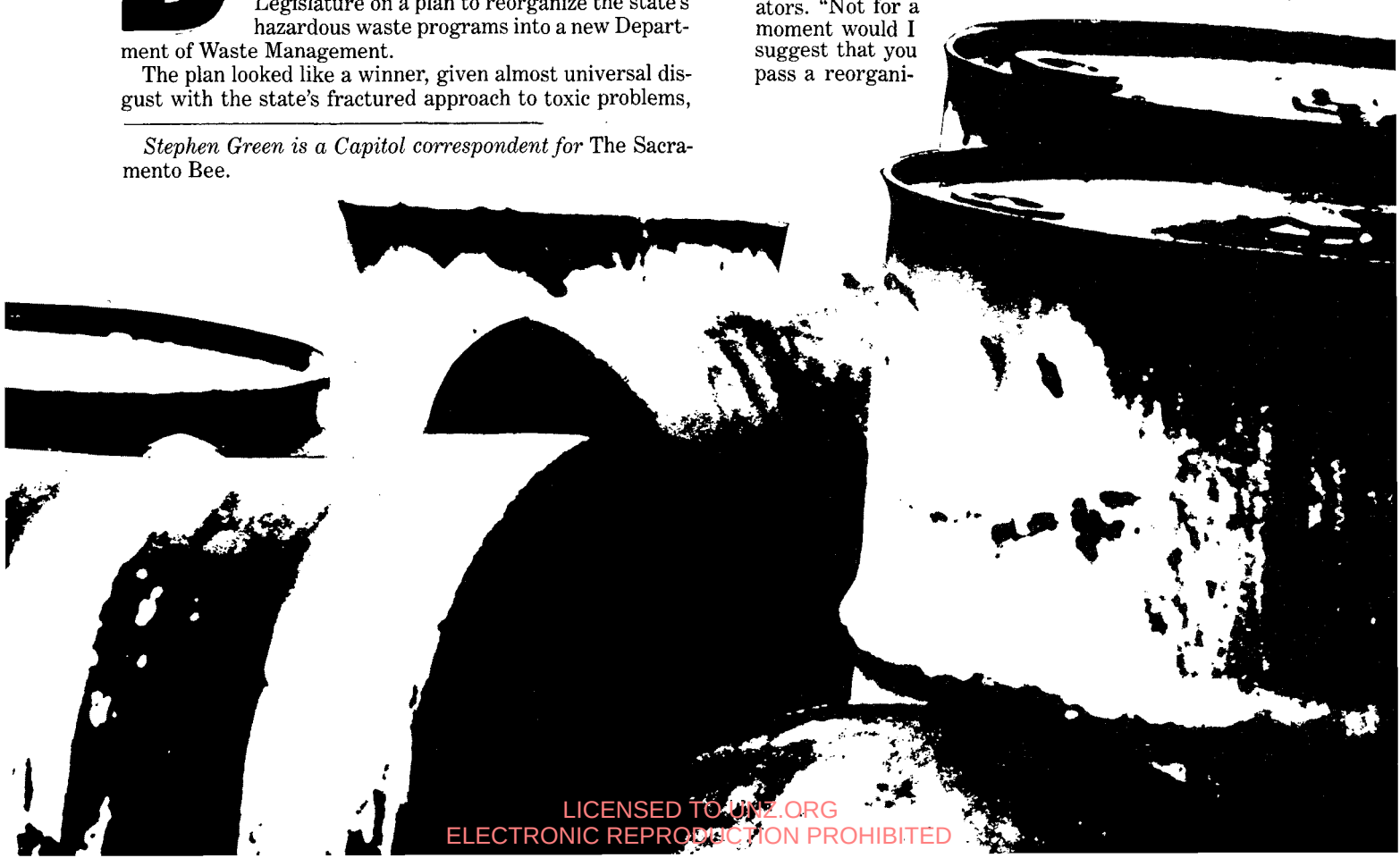
What gremlins had written a plan that could cancel 16 years of clean drinking-water law plus California's basic protections for fish and wildlife?

What glitches could stop enforcement of some 15,000 anti-pollution orders that the state has issued to industries and governments?

When Swoap attempted to correct those and other problems, he needed 18 lawyers, five days and 62 pages for a plan numbering only 177 pages to begin with. At one point in a hearing, Swoap's own chief deputy was contradicting him with talk of "foul-ups." But even that wasn't nearly as damaging as testimony that came later from former Republican state Senator Gordon Cologne.

A respected chum from Deukmejian's days in the Legislature, Cologne co-authored much of the state's basic clean-water law. The governor put him on an advisory panel to help promote the plan. But as the hearings unfolded, it became obvious that what Cologne and other backers had signed off on was dramatically different from the plan given the Legislature.

"Some changes surprised me," Cologne told a panel of senators. "Not for a moment would I suggest that you pass a reorgani-



Stephen Green is a Capitol correspondent for The Sacramento Bee.

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zation bill until ambiguities are cleared up."

A sophisticated un-doing

Attorneys for the state Water Resources Control Board were less charitable as they claimed the changes showed both consistency and sophistication. A 29-page outline shown to them a day before the plan went to the Legislature neutralized pollution protections evolved over a generation. One of those "unintentional" drafting errors required the deletion of two sections of state water law and the addition of 11 others.

That left critics with one of two conclusions:

- The administration had tried to weaken pollution law in ways that would be appreciated by industry and agriculture but overdid themselves and got caught.
- The administration was well intentioned, but showed appalling incompetence.

Either way, they left Deukmejian in an untenable position for a governor who wants to make toxic cleanup a showcase program.

The administration, of course, doesn't see things that way. They believe the public knows Deukmejian was sincere in his efforts to provide a more coherent method of handling toxic problems and that he will not be faulted because his first attempt may have been flawed.

"I can say absolutely and categorically that it was not our intent to change the law in any fashion, to weaken the law, to subvert the law," said Larry Thomas, Deukmejian's press secretary. "Why would we want to undermine our ability to deal with this problem. It just doesn't make any sense."

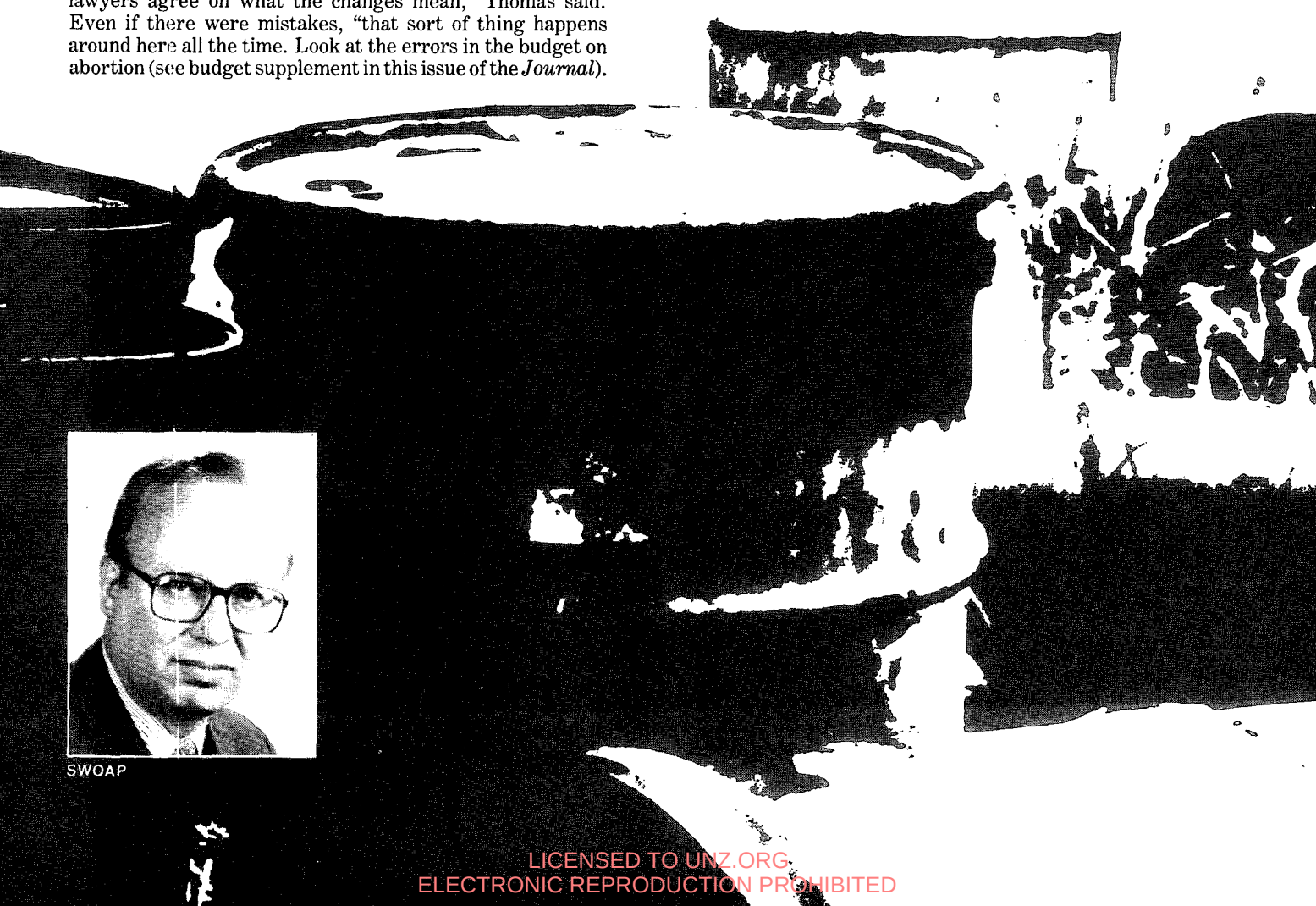
Thomas does acknowledge that there were problems in the final bill version of the plan that was to be considered by the Legislature. "Water law is very complicated and not all the lawyers agree on what the changes mean," Thomas said. Even if there were mistakes, "that sort of thing happens around here all the time. Look at the errors in the budget on abortion (see budget supplement in this issue of the *Journal*). You go back and correct these things and go on." Furthermore, he notes that the reorganization law only allows shifting of responsibility from one agency to another. The basic law that the agency administers cannot be changed.

But administration officials do concede Swoap may not have turned out to be the best spokesman for the administration's efforts, in part because he had legislative enemies waiting for him because of his controversial stands on abortion and welfare issues.

Even though the administration has now resubmitted its reorganization plan, including changes that address some of the complaints, Swoap says his critics are wrong. "We were caught in the middle of a bureaucratic turf battle with the water boards (which did not want to lose any of their authority) and partisan politics," said Swoap. With the exception of the two errors, Swoap maintains the plan was correctly written and complaints about other sections "were not errors but a legitimate and substantial disagreement with the State Water Quality Board about what the changes would mean."

Swoap, 48, is no party hack who lacks clear knowledge of the legislative process. He's spent 21 years working in the Legislature, Congress, and in state and federal administrative jobs. He cut his legislative teeth under A. Alan Post in the Legislative Analyst's office. Despite this distinguished background, Swoap came before legislators with a plan that gutted toxic programs some of those same lawmakers had written. He came as a representative of an administration that initially rejected the concept of creating a new toxics department, then started the process with a press release rather than with a plan.

The final plan, submitted by Deukmejian in bill form under the state's reorganization law, still had errors that legislators



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THE GOVERNOR'S NEW CLOTHES

It's been four years since the state established a "Superfund" list as a way of ranking priorities for cleaning up hazardous-waste sites.

The more than 200 sites now on that list range from a small plating company operating out of an old house to mammoth dumps that were once considered safe places for dangerous chemicals. Several thousand other sites are still being evaluated as potential candidates for the list.

But in all that time, just *one* major site has been declared free of contamination. The former Capri Pumping Service in East Los Angeles was to be cleaned up in six months at a cost of $700,000. Actual time was 17 months and $1.3 million.

In recent years, ten major dumps in California have operated under state permits to receive large quantities of hazardous wastes generated by industry. All of them leak. Two are now listed on the state Superfund.

Although good data isn't available, it's presumed that exposure to hazardous chemicals kills 2500 Californians yearly. Toxic cleanups are a $4 billion per year drain on the California economy. That's $11 million per day, or $150 per resident each year. For every one dollar of new investment in California, two dollars are being spent on managing toxic chemicals.

State Senator Bill Greene, a Los Angeles Democrat, claims the toxics record of former Governor Jerry Brown "was no record." Assemblyman Ross Johnson, an Anaheim Republican, says Governor George Deukmejian's lead hazardous-waste agency, the Department of Health Services, "is simply incapable of cleaning up toxic sites. Health Services simply does not know whether to wind its watch or bark at the moon."

With a record of stunning failures in both administrations, it was hardly surprising that Deukmejian's effort to make toxic clean-up a partisan issue backfired. Deukmejian and his surrogates began parading figures about their accomplishments — 182 toxic sites cleaned up compared to 13 for Brown. Some $2 million in fines collected while Brown took in none.

But when challenged to supply figures to support that charge, Deukmejian's toxic troops couldn't do so. A succession of lists of clean-ups was produced, each of which contained errors and contradictions.

How, for example, could Deukmejian take credit for getting rid of contaminated soil at Lawrence Livermore Laboratories when the equivalent of 1000 dump-truck loads was still on the site? How could the Brown administration have collected no fines when there was a $21.7 million negotiated settlement from just one company?

The political risk of getting locked into numbers should have been obvious. All critics had to do was find one exception, and Deukmejian's credibility was suddenly in question.

But that wasn't the end of it. Embarrassment grew as a special team of auditors ordered by the governor's office couldn't produce a complete list of clean-ups either. Added to the political duplicity was the charge that Deukmejian's managers couldn't carry out the essential record-keeping functions of government.

Finally, after each of its lists had been revealed as wrong, the administration got the idea. No more lists would be produced, they said.

Greene said he believes the flap over clean-up numbers was a healthy thing. It brought home to Deukmejian and his top staff the severity of the problems in Health Services. "I can't believe the governor knew the numbers were wrong," Greene said. "I can't believe he'd expose himself like that." *Stephen Green*

had been pointing out for three months. Under the law, legislators have 60 days to consider it. If it isn't rejected by one of the two houses in that time, it automatically becomes law. There is no way to amend a reorganization plan. The administration conceded that some changes needed to be made, but they insisted these could come along afterward in a "trailer bill" — a method unacceptable to legislators who were now wary of the administration's good faith on this subject.

The "take it or leave it" approach, plus a total lack of humility, made Swoap an easy target for legislative adversaries, some of whom had seen Deukmejian veto their toxic bills and then bring them back as his own programs in the next budget. So here was a chance to undress a Republican governor in public while standing up for clean air and water. For Democrats, it was an unbeatable combination.

Hard core

Despite all that, until mid-July it still looked as if Deukmejian would prevail. Assembly Speaker Willie Brown had developed his own toxics reorganization plan but put it aside and horse-traded with the governor for budget concessions. Another plan by Democratic state Senator Art Torres of Los Angeles also was stalled while Deukmejian's effort went forward.

On the Assembly side, a hard core of liberal Democrats made life unpleasant for Brown. Richard Katz of Sepulveda, Byron Sher of Palo Alto, Lloyd Connelly of Sacramento, Sally Tanner of El Monte, Tom Hayden of Santa Monica and others each had developed an expertise in areas of toxics. With the aid of astute staff members, they out-jockeyed Swoap time and again.

With Brown's backing in doubt, environmental groups leading the anti-plan forces ran to a kindred spirit in the Senate — President pro Tempore David Roberti. Roberti has carried major toxics legislation of his own. What's more, it wasn't just Assembly and Senate liberals who lobbied Roberti. A few key Republicans, plus some farm and water groups — and even a few chemical companies — were asking the Hollywood Democrat to spare them the embarrassment of defying the governor's plan in public.

All through Swoap's final appearance before three combined Senate committees, Roberti sat silently in the audience. Senators, especially those without a direct role in the testimony, don't hang out in hearing rooms.

But there was Roberti, saying nary a word but carefully taking notes through 90 minutes of testimony. Republicans on the panel also were silent for the most part. After hearing Cologne bail out, Fresno's Republican Senator Ken Maddy said it was "a waste of time to continue" until the plan could be fixed.

If Speaker Brown needed one more push to oppose the plan, the thought of Roberti leading the opposition probably provided it. The rivalry between the two Democratic leaders is all but open, and Brown wouldn't want to be preempted

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on a very public issue. He led the charge on the Assembly floor, where the reorganization was killed by majority Democrats on a party-line vote.

Win one, lose one

Deukmejian told a television audience that the vote "will delay our efforts to get these poisons away from your communities. (They) defeated my plan to give us an effective, coordinated response and a forward-looking approach for disposing of all kinds of waste."

In the short term, Democrats can say they dumped a bad plan and unmasked high-level incompetence in an administration where bragging about sharp management is an obsession. But Deukmejian can now blame Democrats for delays in cleaning up hazardous sites and for failures in state programs. "Those members who voted to reject . . . ultimately must be made to share the responsibility if we fall short of the public's legitimate expectations," Deukmejian warned.

In the long run, any governor has a better platform for influencing public opinion. He can talk tough on toxics with one, coherent voice. Legislators speak with many voices while commanding much smaller audiences.

If there is any political fallout from the episode, the administrataion thinks it will work against the Democrats, who Deukmejian can blame the next time the state seems unable to cope with a toxic waste problem.

"I think the signal that's sent out to California voters is that the governor is trying to do something right and that state legislators, who talk a lot about toxics, don't want to provide the proper tools, when it comes right down to it," said one administration official.

Roberti has already acted to deflect such an attack. The same day the Assembly rejected Deukmejian's plan, Roberti rounded up bipartisan support to pass Torres' bill out of the Senate. Roberti offered Deukmejian the Torres bill, or any other measure, to become the vehicle for his revised plan. But the governor would have none of it. Showing the same all-or-nothing stubbornness that sunk his water plan in 1984, Deukmejian said he'd introduce his revised plan in August under the same "you can't change it" rules.

The Democratic strategy now appears to be to amend the Torres bill, preserving some of their priorities, but still giving the governor 80 percent of what he's asking for in the reorganization. That approach already has won the endorsement of two of the strangest bedfellows in the lobbyist corps: the Sierra Club and the California Council for Environmental & Economic Balance, a group representing a coalition of oil companies, utilities and labor unions.

The administration is still hopeful it can reach agreement with legislative leaders on the plan, which it planned to send back to lawmakers as soon as they returned from their summer break. Deukmejian officials believe that once the technical language is fixed, most lawmakers will find they don't have much against the plan itself. If there is an agreement, the administration will push to have a bill introduced that will waive the usual delays for a reorganization so this plan can take effect January 1, 1986.

In the meantime, Cologne has been hired to replace Swoap as chief pitchman for the administration. Debate will continue on what are essentially technical arguments, while 12 different state agencies with toxic responsibilities will continue to overlap, fight turf wars and puzzle over policy direction.

And all the while, contaminants keep seeping silently into the ground; seeping toward the wells that provide 40 percent of California's drinking water.

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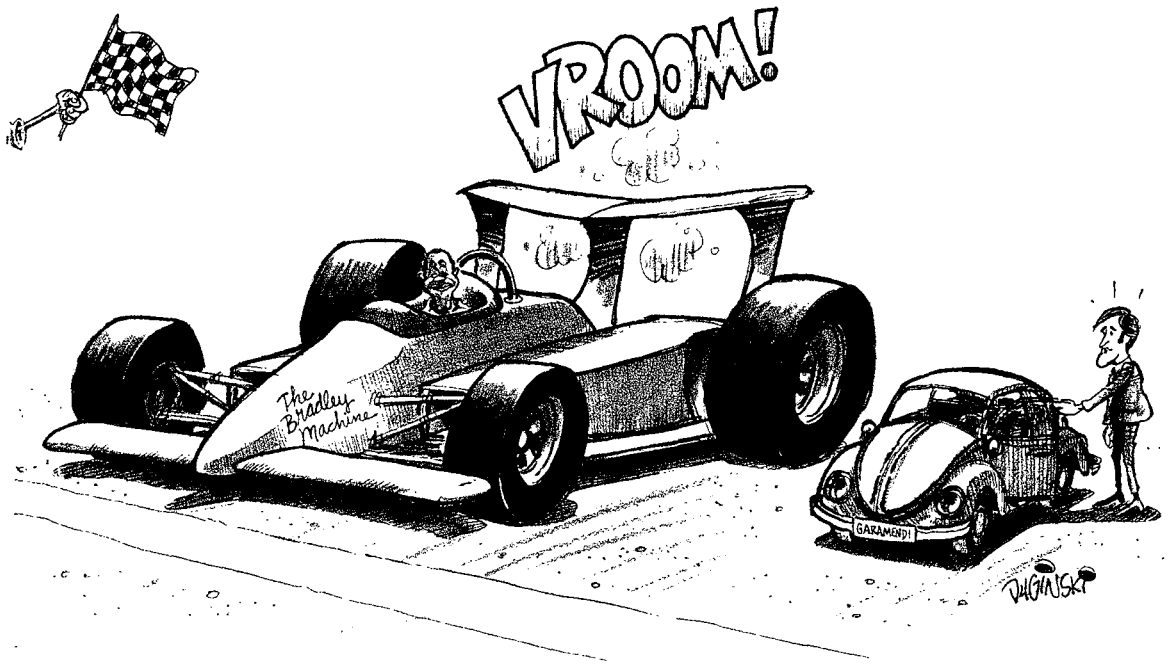
AMBITIOUS GARAMENDI PONDERS A SECOND RUN AT BRADLEY



By WILLIAM ENDICOTT

The headline more than a year ago in *The Los Angeles Times* read: "Garamendi, Bradley Mend Broken Fences," and the story under it went on to report that state Senator John Garamendi had told guests at a Southern California fund-raising dinner that he had run his last race against Los Angeles Mayor Tom Bradley.

"One thing I learned," said the Walnut Grove legislator, "is that I'm not going to run against Bradley again."

Considering the outcome of the 1982 Democratic gubernatorial primary, in which the seasoned political pro, Bradley, crushed the ambitious but relatively unknown Garamendi, 61 percent to 25 percent, it was less a gesture in magnanimity than an acknowledgement of practical politics. A rural Northern California lawmaker was no match for a popular, big-city mayor from the state's population center.

So who's gearing up for another governor's race, probably against Tom Bradley?

"I'm very serious about a campaign to obtain the Democratic nomination for governor," Garamendi said in an interview a few weeks ago. "We're putting together the agenda, the issues, a finance committee.

"I did say that . . . what's the word . . . I had no plans to run against Tom Bradley. I did say I wouldn't run against him again. I said that two years ago . . . Well, he isn't an announced candidate. So I don't know whether I'm running against him or not. If Bradley is a candidate, then I will deal with the question of his running."

It is true that Bradley, who earlier this year overwhelmingly won reelection to a fourth term as mayor, insisted throughout his mayoral campaign that he had "no plans" to run again for governor. And he has yet to formally declare his candidacy. But flexibility is a politician's middle name, and all the signs show him itching for another race against incumbent Republican Governor George Deukmejian, who beat him only narrowly in the 1982 general election.

And if Bradley runs, in the opinion of most Democratic Party leaders across the state, the Democratic nomination is his for the asking. Indeed, a *California Poll* in May showed Bradley far and away the favorite of Democrats to challenge Deukmejian. Six in 10 of those surveyed listed him as their preference. Fewer than one in 10 chose Garamendi.

Bradley got a further boost and Garamendi more bad news in still another *California Poll* released in mid-August. Surprisingly enough, it showed Bradley ahead of Deukmejian by 6 percentage points — 50 percent to 44 percent. Although it is too early for such a survey to be taken seriously, the results tend to take on a life of their own among political insiders and can have an impact on fund-raising. Thus it will be damaging to Garamendi that he lagged in head-to-head match-ups with both Bradley, 16 percent to 72 percent, and Deukmejian, 27 percent to 63 percent.

"If I were John, I would think very seriously about preparing for a race against Pete Wilson (the Republican U.S. senator from San Diego) in 1988," said Peter Kelly, a Los Angeles attorney and former state Democratic Party chairman. "I think he would be a terrific candidate for that. I don't think people see John as a real serious threat to Bradley. I can't imagine John or anybody else taking him on."

There may not be much you can count on in politics, but the one thing that does count is a person's word. So there is an assumption among Democrats that if and when Bradley makes

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a formal announcement, Garamendi will keep his word and step aside. "I think pragmatic considerations will drive him out," said Los Angeles Deputy Mayor Thomas K. Houston, a top Bradley lieutenant and one-time aide to former Governor Edmund G. Brown Jr. Houston said if Garamendi persists in running, "his political stock would definitely decline."

But Garamendi is driven by an ambition that even for politicians sometimes seems enormous and, judged by most conventional political standards, he should be an ideal candidate — young (40), handsome, attractive family, former UC Berkeley football player, former member of the Peace Corps in Ethiopia. However, he suffers occasionally from an insufferable ego and an embarrassing political awkwardness.

The point was well-illustrated when he held a fund-raising Basque barbecue recently at his sprawling hillside ranch in Calaveras County.

Guests who wandered into the combination barn-bunkhouse were treated to a wall covered with a series of larger-than-life portraits of the senator — John's wedding, John in football gear, John on horseback, John on the campaign. (The first thing one sees on entering Garamendi's office in the Capitol is a huge color photograph of him.)

As *Los Angeles Times* political writer Keith Love observed a few months ago, "The camera likes Garamendi, and he likes the camera."

A part of the entertainment at the barbecue was provided by Garamendi's wife, Patti, and several members of his family, who sang a maudlin little ditty to him about how he was "our best friend" as he stood by self-consciously. Afterwards, he took over the microphone to introduce retired state Senator Albert Rodda of Sacramento, who was a guest of honor. He referred to Rodda as "Senator Alfred Alquist" before catching his mistake and trying to recover. Then he introduced "Assemblyman Richard Katz and his wife." Katz is not married. Then he suggested that someone in the crowd be given "a clap."

A visitor turned to his companions and suggested, "No runs, no hits, three errors."

A worker

If he sometimes seems the rube, however, he also can be a tireless worker and an intensely-dedicated politician to the causes about which he cares. After a well-publicized return visit to Ethiopia last year, for instance, he and his wife came home and started raising money for African famine victims. "John is an interesting combination of ambition and caring," Katz, a Sepulveda Democrat and Garamendi supporter, told a reporter recently. "As for the governor's race, he's doing what he has to do for now. I don't know what he does if push comes to shove."

GARAMENDI

Garamendi talks as if he is in the race to stay, regardless of what Bradley does, but to make the point he sometimes sounds as if he is reading from a first-year textbook on political science: "You've got to have an agenda that appeals to the public. You have to raise the money and the support groups. You have to have a strategy that will carry you through to victory."

At other times, though, he can be brutally practical as he patronizingly praises Bradley as "the best of the Democratic past." The mayor can be beaten, he said, "the same way Gary Hart beat Walter Mondale in California . . . an insurgency campaign . . . the future against the past." He will, he said, have no compunctions about drawing parallels between his youth and Bradley's age (67).

(Hart, the Colorado senator, defeated Mondale, the eventual Democratic presidential nominee, 38% to 35%, in last year's California primary.)

No quaking has been heard from Bradley's office. His reelection victory and his ability to sustain the popularity that accrued to him during the 1984 Olympics in Los Angeles has seemed to reassure Democrats who earlier had feared a 1986 debacle if Bradley again turned out to be their candidate against Deukmejian. Influential West Side Democrats in Los An-

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BRADLEY

geles, headed by Congressmen Henry A. Waxman and Howard L. Berman, tried for a time to persuade state Senator Gary K. Hart (no relation to the Colorado senator) to run, but Hart, of Santa Barbara, assessed his prospects and decided against it.

Waxman and Berman now appear reconciled to a Bradley candidacy, and Waxman said not long ago that Bradley "can't be ruled out as a candidate who has a chance to win because he nearly won last time."

Houston, whose self-interest is evident, said that "anybody observing Los Angeles can see there's more new ideas and creativity going on down here than anywhere in the state . . . The mayor's whole focus is on moving Los Angeles and California into the 21st Century. He looks younger and acts younger . . . When the roll is taken, you'll see young and up-coming Democrats and people from the Hart campaign working for us. It's going to take a person with a lot of leadership credentials to take on an incumbent governor, and Garamendi doesn't have them."

Seeking to display what one reporter referred to as his "new, action-oriented political presence," Bradley in mid-July took reporters and aides on a white-water rafting trip down the Kern River. Hammering at the theme to anyone who would listen, Houston said the raft trip was proof that the mayor "feels very young, very robust."

But Bradley still suffers from terminal dullness, despite Houston's best efforts to carve out a new image for him, and winning reelection as mayor of Los Angeles is a far cry from winning enough statewide support to beat Deukmejian. California has a history of returning its first-term governors to office, and Deukmejian has committed no major gaffes to indicate that trend might be reversed.

"Whoever it is we might nominate, it's going to be a very difficult campaign," said Peter Kelly.

Through the summer, Bradley has held "exploratory meetings" around the state but has remained consistently coy about his plans. As reporters pressed him during a party celebrating his inaugural to a fourth term, however, he asked his enthusiastic supporters if he should run for governor again. He got an overwhelmingly affirmative response.

The normally stoic Bradley joked to reporters, "That's your scientific survey. That's your answer."

As for Garamendi? "I was quoted once and I'll say it again: A lack of support, a lack of money, an inability to present the issues or a lack of interest in my candidacy would get me out of the race. That's it."

What else is there, except that infernal promise to defer to Bradley?

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MENDEZ

VIVA DUKE; ¡HOLA! DISASTER

'82 CAMPAIGN PAY-OFFS PLAGUE ADMINISTRATION

By VIRGIL MEIBERT

California's cherubic state director of Veterans Affairs, Andres Mendez, leaned back in the witness chair, folded his hands and smiled confidently. Sometimes he even let slip a chuckle at the absurd questions.

Had he promised state employees jobs and promotions in 1982 if they'd come through with campaign contributions for George Deukmejian?

"I deny that," replied Mendez.

Specifically, had he demanded $1000 from his former chief deputy, Richard Atlee?

"Not hardly," Mendez laughed.

What about the testimony of Mendez' own secretary, who had said she not only picked up the campaign checks but was told to take contributors' job resumès to Steve Merksamer, head of the Deukmejian transition team? Had Mendez told her to do that?

"No, I did not," said Mendez.

Then could he explain what appeared to be a conspiracy of witnesses against him?

Mendez shook his head sadly, "I believe, in their zealousness, they may have misspoken the truth."

Eight months later it became clear that, in fact, it was Mendez who was misspeaking the truth at that April 27, 1984, hearing before the State Personnel Board. Mendez admitted he had, indeed, improperly collected campaign contributions for Deukmejian from state employees and had even pocketed at least part of the money. He was fined $10,000 by the Fair Political Practices Commission and promptly fired by an embarrassed Governor George Deukmejian.

Mendez does not stand alone. To a surprising degree, Deukmejian — the law-and-order, straight-arrow politician — has had big problems with wrong-doing appointees, several of them from the ranks of his Latino "Viva Duke" campaign effort.

Not only did he have to fire Mendez, two other high-level Latino appointees were accused of funneling $1 million in poverty funds from the Office of Economic Opportunity to ineligible agencies. One was fired, another has left the administration. A third OEO official, who is black, faces a possible state prison term after pleading "no contest" to stealing $67,500 in poverty funds.

Converts

In part the administration's problems resulted from its eagerness to bring the state's large Latino population, now mostly registered Democrats, into the Republican fold. The governor's "Viva Duke" campaign organization was set up to push this effort, and some of its organizers were rewarded with administration appointments. Unlike most of the governor's appointees, who had long-time Republican credentials or who worked with the governor in the attorney general's office, many of the "Viva Duke" campaigners were recently-converted Democrats unknown to Deukmejian regulars until their participation in the 1982 elections.

Deukmejian Press Secretary Larry Thomas insists the governor never tolerated any of the wrong-doing, took quick corrective steps and, as a result, should suffer no political repercussions. Thomas bristles at any use of the word "scandal" in connection with the problems.

"In our judgment it's a scandal if you discover the circumstance and you do nothing about it," he says, "Or it's a scandal if you participate in it. At no time has it ever been suggested that the governor had any knowledge of or at all condoned any of these activities that occurred. In fact the evidence is very clear that when there became a suspicion of misman-

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Virgil Meibert is Capitol correspondent for The Oakland Tribune.

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agement and possible improprieties that we acted swiftly to deal with them. As such, I don't think there's going to be any negative fallout on the governor for these two incidents."

Thomas is also bothered by identification of those involved in the difficulties as Latinos.

"What occurred — as a result of great mismanagement at OEO and bad judgment at Veterans Affairs — were disappointments," he says. "But I think it borders on racism to try to define these separate episodes by virtue of an Hispanic link at the top. There were failures there and they happen to be Hispanic."

But some long-time GOP activists from the Latino community say the problems occurred in part because the appointments were political payoffs to Democratic converts active in "Viva Duke." While absolving Deukmejian himself, they fault his aides for failing to contact a broader range of Republican Hispanics before making their selections.

"There was undue concern (among administration officials) for people active in 'Viva Duke' as a price for admission, thus very good opportunities were missed for finding Hispanics who would have served with distinction," says Fernando Oaxaca, former chairman of the Republican National Hispanic Assembly and associate director of the federal Office of Management and Budget during the Ford administration.

The governor's problems centered in two state agencies: the Department of Veterans' Affairs, where Mendez was boss, and the Office of Economic Opportunity. The OEO was initially led by Gilbert Montano Jr., but he was under direction of a member of the governor's staff, Gilbert Avila.

Both Mendez and Avila were part of Deukmejian's successful campaign in 1982 and were charged with generating support among California's one million registered Latinos. Although two-thirds of the state's Latinos are Democrats, many are middle-class conservatives, and there was evidence that others were hostile to Deukmejian's black opponent — Los Angeles Mayor Tom Bradley.

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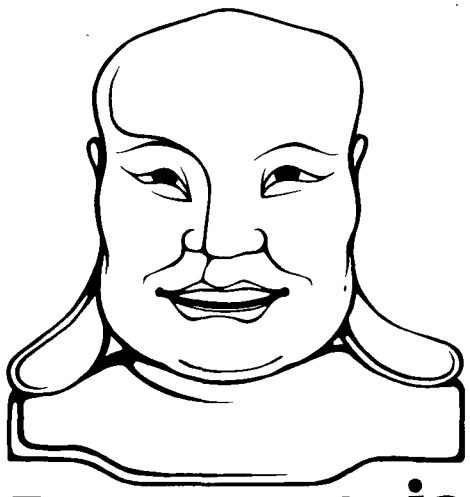

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MAPA

One of the first steps, in the summer of 1982, was to form new, Republican, "Hilary Sandoval" chapters of the Mexican-American Political Association, an officially non-partisan group, to push for MAPA's endorsement of Republican candidates — including, of course, Deukmejian.

It was here that Avila and Mendez emerged as chapter presidents; Avila in Los Angeles and Mendez in Sacramento. Both were former Democrats who had become Republicans.

Mendez, 39, a former Los Angeles County probation officer and Coro Foundation fellow, had gone to work as a civil service claims representative in the Division of Veterans Services during the Jerry Brown administration. By the time of Deukmejian's 1982 campaign, Mendez had been appointed executive secretary to the California Veterans Board.

Avila, 48, has a law degree and an advertising, entertainment and public relations background. He was an unsuccessful Democratic candidate for the Assembly in 1966. From 1974 to 1978 he was vice chairman of the Commission on the Californias. In 1979 then-Attorney General Deukmejian hired him as his Hispanic liaison.

When the effort to win statewide MAPA endorsement for Deukmejian failed, the Sandoval chapters were transformed into the "Viva Duke" campaign organization. Avila was state chairman; Mendez headed the "Viva Duke" campaign in Sacramento. Both worked directly for Deukmejian's state campaign chairman, Merksamer. With Deukmejian's victory in November, Merksamer was named the governor's chief of staff and the roles of Mendez and Avila began to part. Avila became a special assistant to the governor with oversight responsibility for OEO; Mendez became director of the California Department of Veterans Affairs.

The FPPC began looking at Mendez last year, largely because of complaints from Atlee, former chief deputy director of the Veterans department. Mendez had fired him in early 1983, shortly after Mendez took over the department. In an appeal filed with the State Personnel Board, Atlee contended that he had been transferred to another agency and suffered a $15,000-a-year-pay cut because of his earlier refusal to give Mendez a $1000 campaign contribution, which supposedly was to be for Deukmejian.

Atlee, a disabled veteran and 20-year civil servant, told the board that he gave Mendez $200 earlier in 1982 but begged off the additional $1000.

Jobs for dollars

Other department employees also testified, saying that Mendez had solicited campaign contributions from them. They said they were promised jobs and promotions if Deukmejian won.

But Mendez denied all the allegations under oath, and Deukmejian allowed him to remain on the job. As the governor told reporters then, "Mr. Mendez has denied those allegations, and we have nothing that we have learned to indicate there has been any wrong-doing."

Nor was the governor alone in supporting Mendez. As was reported later, the California Republican Party gave Mendez $9823 in 1984 to help pay his legal fees. Mendez remained at his $65,000-a-year post for nine more months, until December 5th, the day he admitted his lies, was fined $10,000 and fired by the governor.

Thomas now says the governor did not act sooner against Mendez simply because he believed him. "On numerous occasions, when there appeared to be some indication that the allegations against Mr. Mendez were accurate, he was very forceful in insisting that they lacked any veracity," Thomas

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LA MONTANO

said. "In the end, it turned out that he copped a plea and in essence admitted to things he had specifically been asked about here. It was a great personal disappointment to the governor."

FPPC investigators discovered Mendez had deposited a dozen checks in his personal checking account which were made out to him but also bore the notation "Deukmejian" or "Deukmejian campaign." They totaled more than $1000 and were eventually used by Mendez for personal expenses.

In his report, the FPPC noted that Deukmejian and members of his campaign staff stated that they knew nothing of what Mendez had been doing. Mendez also said that no one in the campaign knew of his activities.

Thomas says Merksamer never asked for resumès of potential appointees from Mendez or Mendez' secretary. "I can't call her a liar and say that she hadn't been ordered to do it," Thomas said. "But I can tell you this: She was never ordered by anyone in the governor's office to take resumés to Steve Merksamer. But who may have asked her to take resumès, I just don't know."

In all, the FPPC found Mendez guilty on six counts of various campaign-reporting and financial-disclosure laws. While imposing a maximum $10,000 fine, it waived $2000 as part of probation. However, Mendez failed to pay the reduced amount and in March 1985, the FPPC filed suit for its money. In July 1985, Mendez — saying he was still unemployed — filed for bankruptcy.

Despite Mendez' admissions, Atlee's request for reinstatement as chief deputy director was denied. Chief Admninistrative Law Judge James C. Waller of the Personnel Board ruled that Atlee, now an administrator in the Department of Alcohol and Drug Programs, had failed to make his case that he was demoted for political reasons.

OEO

The Deukmejian Administration's other major embarrassment occurred in the Office of Economic Opportunity. There, the auditor general concluded, more than $1 million in federal poverty grants were awarded to ineligible local agencies. In addition, Deputy Director Herbert Clayton was arrested for the theft of $67,500 and sent to Vacaville for a pre-sentencing psychiatric evaluation after pleading "no contest" to grand theft. He faces up to four years in state prison.

The transformation of OEO under the direction of Montano, with Avila's supervision from the governor's office, was widely perceived as a reward to Latinos for supporting Deukmejian. Thomas notes that "there had existed within the Hispanic community a feeling that there was a real black tilt to the OEO during the Brown administration." But, he added, this "didn't necessarily fuel the appointment" of Montano and others.

Problems in the anti-poverty agency surfaced in March 1984, when the resignation for "personal reasons" of Director Gilbert Montano was announced. Some months before, without fanfare, Merksamer had ordered a "finance audit" of OEO activities.

Thomas recalls, "Before we had one call from the media or anybody outside of the administration, we discovered during the normal course of our management process that there were indications that OEO was being mismanaged."

At the time of Montano's departure, *The Oakland Tribune* reported that he had, in fact, been asked to resign, but Deukmejian denied Montano had been pressured out of his job.

Now, however, Thomas says, "I think it's fair to say that, in the case of Mr. Montano, his departure was one in which there was mutual agreement that it would be best for OEO and for the administration."

The administration report said auditors had heard "numerous allegations of improprieties and favoritism," and it recommended a further investigation by an outside "trained investigative staff."

That recommendation was ignored in favor of a continued investigation by the in-house Department of Finance. Deputy Director Chon Gutierrez of Finance, an administration troubleshooter, became interim OEO director and supervised the investigation. Meanwhile, Assembly Speaker Willie Brown requested a separate investigation by the Legislature's auditor general.

In June, Auditor General Thomas Hayes released his findings. Saying OEO had awarded contracts improperly and inconsistently, he concluded that Avila and Montano circumvented normal contract procedures to award nearly $1 million in grants to 25 local poverty agencies which were ineligible under federal criteria, and $93,000 to five agencies which hadn't even applied for grants. In general, Hayes found that OEO didn't follow proper contracting procedures, gave money to agencies which weren't properly evaluated and improperly restricted competition for grants. "The OEO and community agencies with which it contracts have misused public funds," Hayes concluded.

An administration interim report, issued by Gutierrez in April, found "serious managerial deficiencies" but no violations of state or federal law. But when Gutierrez' brief, three-page final report was released five months later, there was no mention of Avila or Montano. Asked why, Gutierrez said, "No effort was made to hide anyone's name, but a judgment was made that we ought to talk about facts, not personalities."

Thomas says Montano and Avila claim the agencies which got grants offered legitimate services which needed funding. And, he says, the decision to award them grants fell within the "broad discretion" given OEO managers by federal regulations.

"For you or anyone else to prove that there was any kind of a political judgment to it requires determining a state of mind that neither of them has ever acknowledged," Thomas says.

He adds, "You have the facts that certain contracts were awarded outside of some established procedures. That is acknowledged both in Chon's report and in the auditor general's report. But at no time, to my knowledge, has anyone been charged with anything illegal or has it been charged that they personally benefited from the award of contracts themselves."

Privately, administration officials note that OEO has always been a "political agency" where normal state rules traditionally have been loosely enforced. It was only after Gutierrez arrived that fiscal controls, normal for most state agencies,

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were applied at OEO.

The only criminal accusations came in May 1984, when Clayton, 36, and Ona Solon, 64, executive director of the Bay Area Preparatory Program — a Berkeley anti-poverty agency — were arrested for grand theft. Clayton had been an Oakland businessman, active in city political campaigns. A Republican, he was one of only a handful of blacks named to major posts by Deukmejian. Solon, who had been active in East Bay public service over several decades, had applied for a $50,000 grant. Her agency tutored low-income youth preparing for high school equivalency tests. The attorney general charged that Clayton increased the grant to $75,000 and co-signed a $67,500 advance check to Solon. Solon was accused of then kicking back $40,000 of the advance money to Clayton.

Solon was ordered to make restitution of $27,000, spend eight weekends in county jail and perform 800 hours of community service. Clayton is awaiting final sentencing. Auditor General Hayes suggested that OEO's sloppy management practices may have even "contributed" to the Clayton-Solon crime.

Acknowledging that the administration has had some problems, Thomas says the important thing is how it dealt with them.

"Any large organization, whether it's a government or business entity, relies upon the selection of people it hopes will have the talent and integrity that is reflected at the top of the organization, and that they'll always carry out their responsibilities in the best possible way," Thomas says.

"Unfortunately, you can't always predict how people will in fact work when they're faced with the responsibilities and pressures of office and you can't always pre-judge every action they might take. The test for any organization is that when you have identified a person who falls short, you have the brains and courage to deal with it."

Thomas also reflected the administration view that the problems will not effect the administration's efforts to woo Latinos to the Deukmejian camp for the 1986 elections. If anything, there is a certain amount of sympathy for a governor burned when he tried to do the "right thing."

"I suspect that in both of these cases they represented a disappointment to the broader Hispanic community themselves, Thomas said.

Many Latino Republicans, however, express more than disappointment; they are acutely embarrassed over what happened. And if there is disappointment, it is with an administration that they feel ignored them when selecting Hispanic appointees and has yet to name a Latino to the Cabinet.

As for those involved with the past problems, after reorganizing OEO and reinstating standard competitive bidding and auditing procedures, Gutierrez became deputy director of the state lottery.

Montano moved back to Los Angeles. Avila, who was removed as the governor's overseer of OEO during the investigation, remained on Deukmejian's staff until July 1985, when he resigned to reestablish a Los Angeles public relations firm.

Robert Martinez, 37, former chief deputy commissioner of the Department of Real Estate and assistant secretary of the state Personnel Board, succeeded Gutierrez as OEO director. The agency has since operated without controversy.

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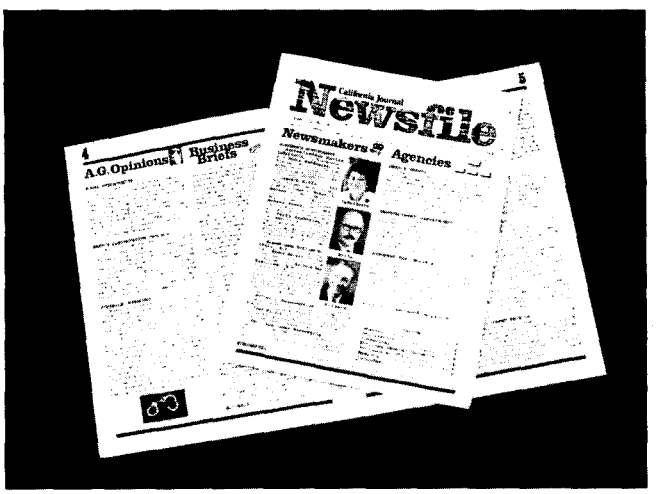

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NEW ISSUE

$125,002,002.50

California Housing Finance Agency

Home Mortgage Revenue Bonds
1985 Series B

Dated: July 1, 1985
Date of delivery for Capital Appreciation and Limited Interest Municipal Obligation Bonds

Due: February 1 and August 1, as shown below

The 1985 Series B Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 principal amount or any integral multiples thereof in the case of the Current Interest 1985 Series B Bonds and the principal amount per $5,000 value at maturity or Conversion Date set forth below in the case of the Capital Appreciation Bonds and Limited Interest Municipal Obligation Bonds, respectively, or any integral multiple thereof. Interest on the Current Interest 1985 Series B Bonds, and, after August 1, 1995, on the Limited Interest Municipal Obligation Bonds is payable on February 1 and August 1 of each year, commencing February 1, 1986, and February 1, 1996, respectively, by check or draft mailed to the person whose name appears on the registration books of the Agency maintained by the Treasurer of the State of California, as Trustee. Principal of the Current Interest 1985 Series B Bonds, and, after August 1, 1995, the Limited Interest Municipal Obligation Bonds, and the Accreted Value of the Capital Appreciation Bonds and, prior to August 1, 1995, the Limited Interest Municipal Obligation Bonds, is payable to the registered owner thereof at maturity or prior redemption upon surrender of the 1985 Series B Bonds at the office of the Trustee, in Sacramento, California, or, at the option of the owner, at the office of the Paying Agent, Citibank, N.A. in New York, New York. The 1985 Series B Bonds are subject to redemption prior to maturity as more fully described in the Official Statement.

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$34,665,000 Current Interest Serial Bonds—Price 100%

Due	Amount	Interest Rate	Due	Amount	Interest Rate	Due	Amount	Interest Rate
Aug. 1, 1988	$1,580,000	5¾%	Aug. 1, 1992	$2,045,000	7¼%	Feb. 1, 1997	$160,000	8.30%
Feb. 1, 1989	1,625,000	6¼	Feb. 1, 1993	2,120,000	7½	Aug. 1, 1997	165,000	8.30
Aug. 1, 1989	1,675,000	6¼	Aug. 1, 1993	2,200,000	7½	Feb. 1, 1998	165,000	8.40
Feb. 1, 1990	1,730,000	6½	Feb. 1, 1994	2,280,000	7¾	Aug. 1, 1998	165,000	8.40
Aug. 1, 1990	1,785,000	6½	Aug. 1, 1994	2,370,000	7¾	Feb. 1, 1999	165,000	8½
Feb. 1, 1991	1,840,000	7	Feb. 1, 1995	2,460,000	7.90	Aug. 1, 1999	165,000	8½
Aug. 1, 1991	1,905,000	7	Aug. 1, 1995	2,560,000	7.90	Feb. 1, 2000	165,000	8.60
Feb. 1, 1992	1,975,000	7¼	Feb. 1, 1996	1,570,000	8.10	Aug. 1, 2000	165,000	8.60
			Aug. 1, 1996	1,630,000	8.10			

$11,760,000 8⅞% Current Interest Term Bonds due August 1, 2005—Price 100%
$12,320,000 8% Current Interest Term Bonds due February 1, 2008—Price 100%
$52,410,000 9% Current Interest Term Bonds due February 1, 2015—Price 100%

(Accrued interest to be added)

$5,365,346 Capital Appreciation Serial Bonds

Due	Original Principal Amount	Approximate Yield	Principal Amount Per $5000 at Maturity	Due	Original Principal Amount	Approximate Yield	Principal Amount Per $5000 at Maturity
Feb. 1, 1997	$561,503	9.001%	$1,829	Feb. 1, 2000	$417,306	9.401%	$1,329
Aug. 1, 1997	539,000	9.002	1,750	Aug. 1, 2000	400,050	9.398	1,270
Feb. 1, 1998	505,524	9.199	1,636	Feb. 1, 2001	419,445	9.499	1,195
Aug. 1, 1998	484,840	9.199	1,564	Aug. 1, 2001	400,491	9.498	1,141
Feb. 1, 1999	460,512	9.300	1,476	Feb. 1, 2002	376,272	9.600	1,072
Aug. 1, 1999	441,330	9.302	1,410	Aug. 1, 2002	359,073	9.599	1,023

$8,481,656.50 Limited Interest Municipal Obligation Bonds due February 1, 2017—Yield 9.876%
($1,921.10 principal amount per $5,000 value on August 1, 1995)

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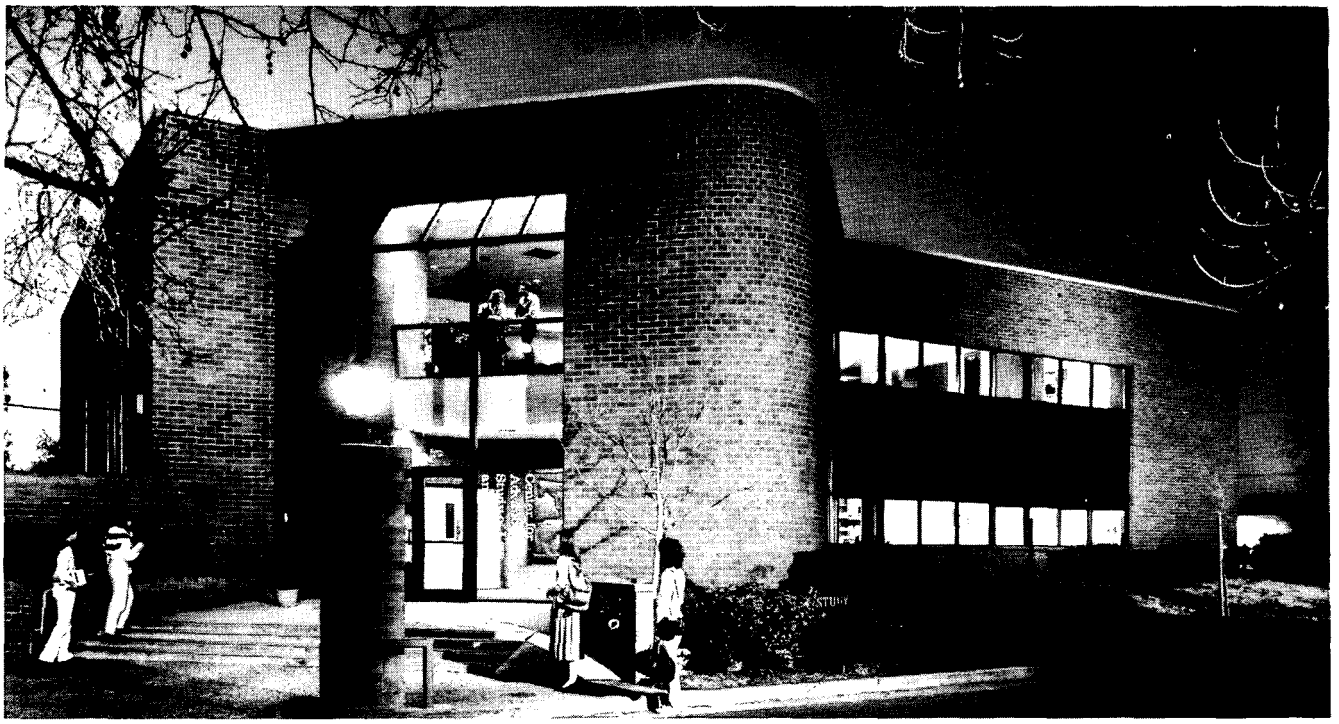

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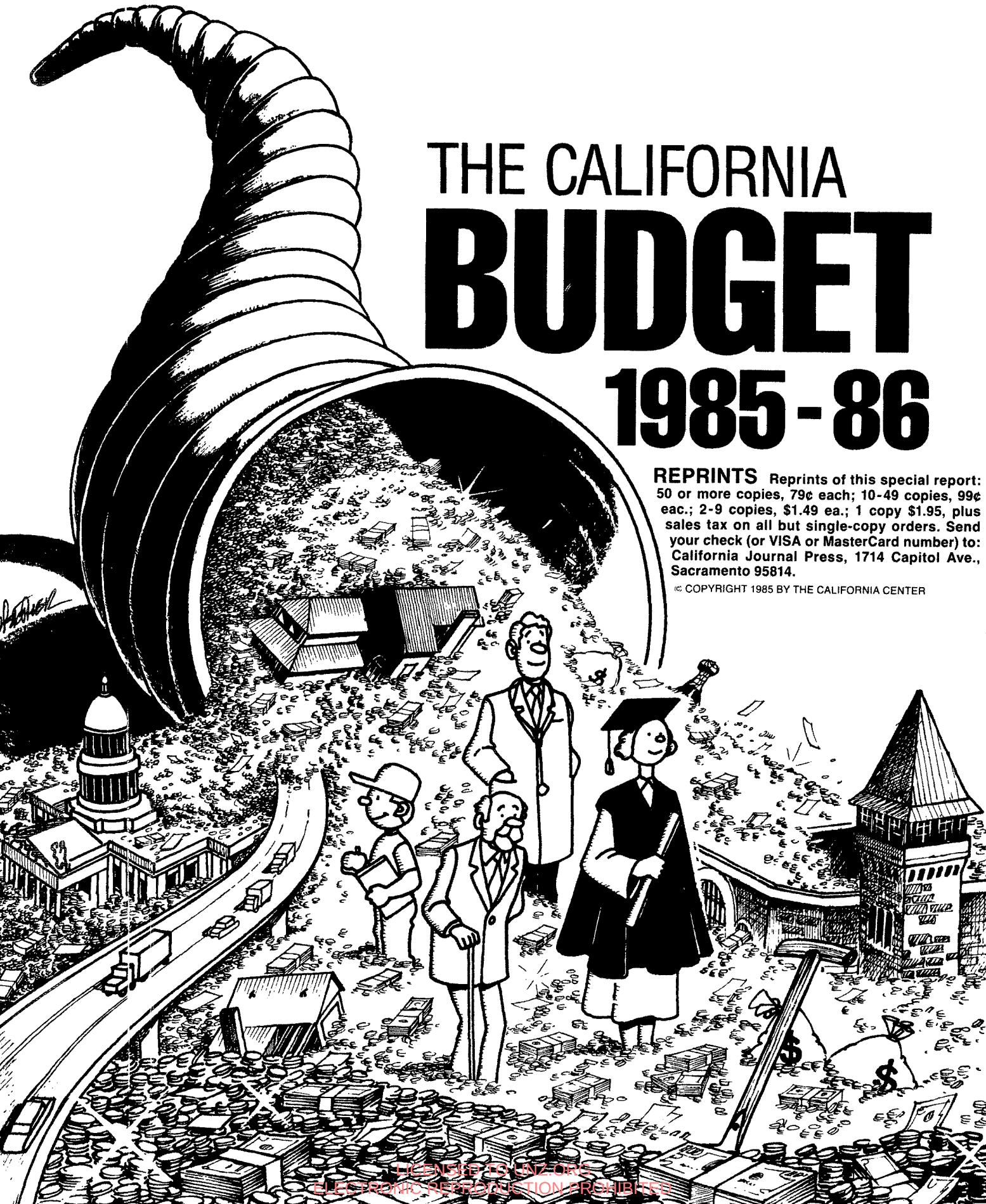
THE CALIFORNIA BUDGET 1985-86



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Total Budget $34.5 billion

Health and Welfare (mental hospitals, *public health, Medi-Cal, welfare aid, etc.*)
$8.8 billion

Other (Including law enforcement, conservation and other programs.)
$6.7 billion

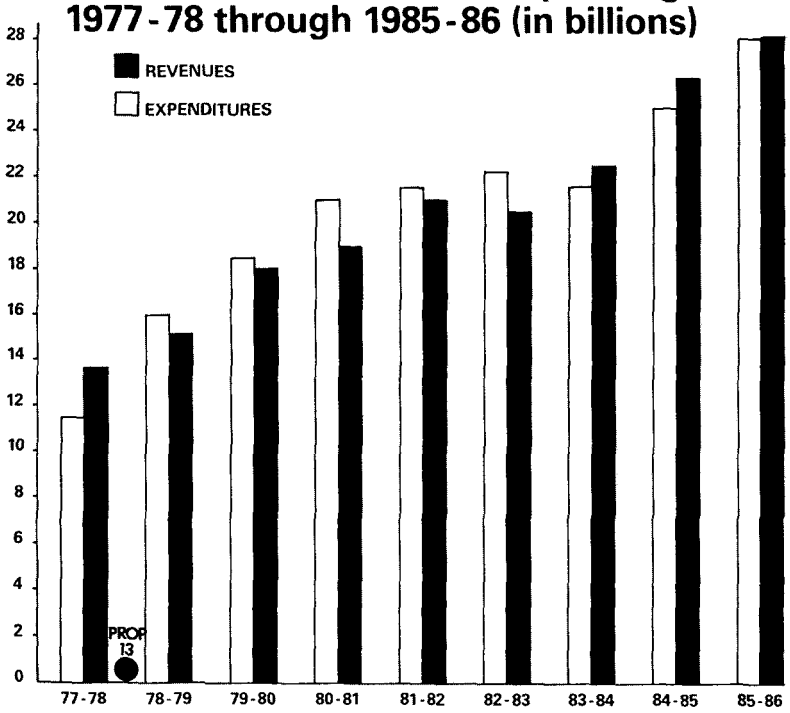
Corrections
$1.1 billion

Transportation
(Highway construction, mass transit, Highway Patrol, etc.)
$2.9 billion

Higher Education
(Community Colleges, State University, University of California)
$4.2 billion

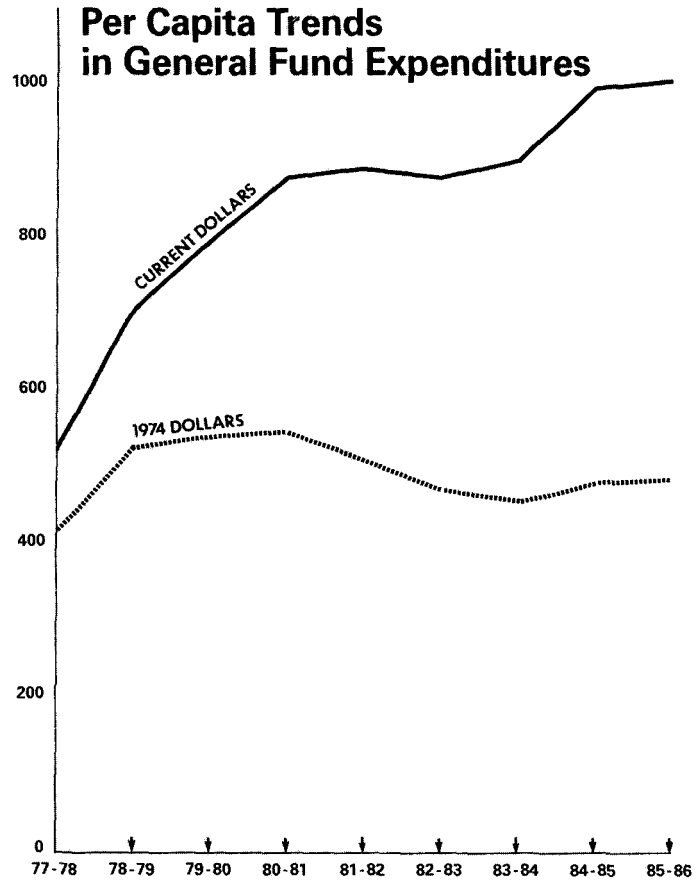
Public Schools (Kindergarten through 12th grade)
$10.8 billion

General Fund Income and Spending 1977-78 through 1985-86 (in billions)



Source: Legislative Analyst

Per Capita Trends in General Fund Expenditures



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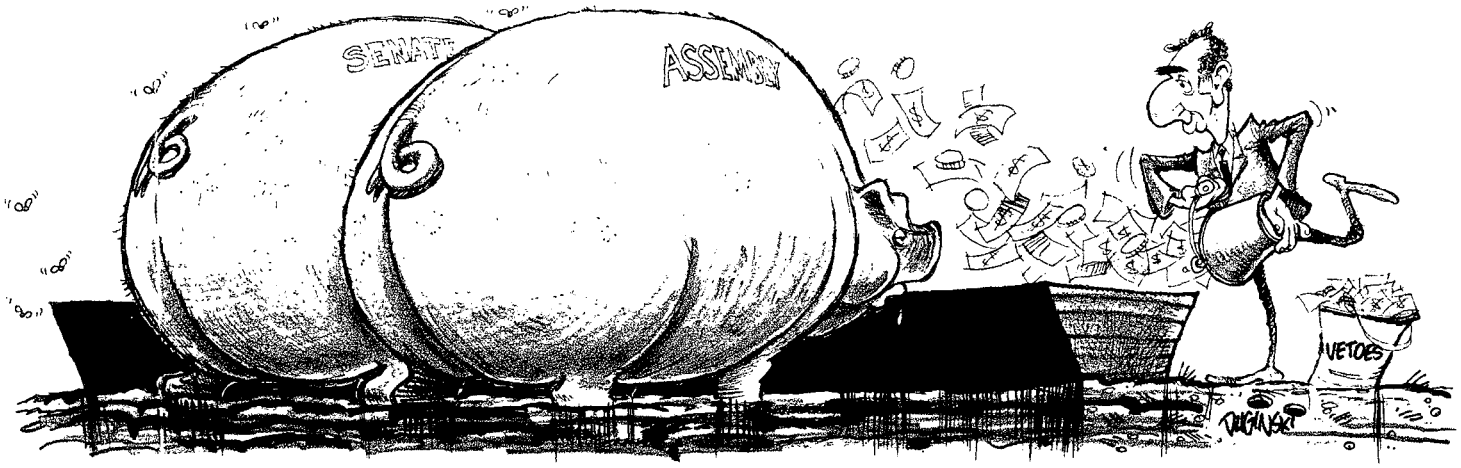
A BUDGET OVERVIEW

By RICHARD ZEIGER



State lawmakers and the governor avoided a substantial budget war this year; there was just too much money around for a real fight.

As a result, typical budget wrangling — who would get just how much of a limited supply of money — was put aside in favor of low-key fights over a pair of policy issues, the banning of state pension-fund investments in firms with South African ties and the limiting of money to family-planning agencies that promote or receive money for abortions.

In most of the budget years since 1978, when property tax-cutting Proposition 13 turned state finance on its ear, the state's budget writers have engaged in a series of acrimonious fights over how to spend what money was available. However, fueled by a strong economy, and helped out by some revenue-raising measures approved in Governor George Deukmejian's first term in office, this year there was more than enough money to go around.

In fact, in May, just as lawmakers had mostly settled on how much money would be available for various state programs, Director of Finance Jesse Huff announced that he had found an extra $900 million which unexpectedly poured into the state treasury when taxpayers began making income-tax payments in April. Ways were quickly found to spend that, too, and still there was enough money to provide more than $1 billion for a reserve fund demanded by the governor.

Deukmejian, for his part, is turning out to be a less-frugal governor than many feared after his first-year performance, when he insisted the state eliminate a threatened deficit in a single budget year without the general tax increase many lawmakers thought was unavoidable. That year Deukmejian, using his "blue pencil" line-item veto, cut deeply into some programs and held most others to minimal increases. That first year Deukmejian vetoed $1.659 billion from the budget. The past two Deukmejian budgets, however, have included spending increases that match all but the biggest of his predecessor, former Governor Jerry Brown, who, at least at the beginning of his two terms as governor, had a reputation as a much more liberal spender.

Deukmejian did veto $583 million this year, including $501 million from the general fund. Those vetoes were necessary to maintain an adequate reserve, Deukmejian said. They will also help Deukmejian retain his reputation as a tight-fisted manager despite substantial increases in the past two budgets. The governor also said he wants the Legislature to spend nearly $290 million more on projects that he thinks are important but were not supported by Democrats.

Before lawmakers adjourned for their summer recess, senators made some half-hearted attempts to override the governor's vetoes. But Democrats hold only 25 of the Senate's 40 seats, and 27 are needed to overturn a governor's veto. With members of his own party standing fast, the governor, as he has each year, made his spending cuts stick.

Reduced personnel

Although the governor is allowing the dollar amount of his budget to increase, he did achieve a political goal by reducing the number of state employees on the payroll. When he announced his budget proposal in January, he took pride in the fact that the number of state employees would actually decline. As finally enacted, the number of "personnel years" on the budget books will drop by 2591, or 1.1 percent of the 228,165 it will take to run state government during the upcoming fiscal year.

The administration claims it can make the reduction because of its relentless fight against government inefficiency. But Legislative Analyst William Hamm disputes most of those claims. Instead, Hamm attributes some of the decline to the administration's desire to contract with private firms for work usually done by state employees, even though in many cases this may not save any money, and because of "bookkeeping" changes and inflated claims of how many people were actually on the payroll last year.

In all, the state's elected officials put on a tidy performance. For the second year in a row — but following a string of well-publicized failures — legislators got their budget to Deukmejian's desk by the constitutionally required June 15th deadline. In both the Senate and Assembly there were only perfunctory complaints by the minority Republicans before they provided the votes necessary to reach the two-thirds majority required for budget passage.

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Republicans briefly gave thought to blocking the budget because it contained some vaguely worded language intended to place restrictions on the ability of the state's pension funds to invest in companies doing business in South Africa. Democrats, particularly in the Assembly, insisted on the restrictions as a protest over the apartheid policies of the white-dominated South African government (see page 15). But the restrictions were watered down in the budget process. By the time the final version of the budget was approved, it wasn't clear they had any teeth. Finally, legislative Republicans decided to rely on Deukmejian, who vetoed the language.

Anti-abortion forces took a new tack by having sympathetic senators, led by Republican H. L. "Bill" Richardson of Glendora, add restrictions to the budget to prevent the state from giving any family-planning money to an agency that promotes or receives financial gain from abortions. For the past several years the Legislature has included budget restrictions designed to deny the use of state money to pay for abortions for women who can't otherwise afford them. Each year the courts void those restrictions, and the state ends up paying. The new limits this year were aimed straight at Planned Parenthood, which shortly before that had sponsored full-page newspaper ads supporting the right of women to have abortions. The Senate added the clause to its budget, but the two-house conference committee turned it down, and the restrictions were supposed to have been pulled from the final budget document. Through clerical errors, however, the clause remained in the document only to be discovered after it was passed (see page 7). Deukmejian decided to let those restrictions stay.

Overall, the budget, as signed by the governor, calls for spending more than $34.5 billion in the upcoming fiscal year — an increase of 12.9 percent or $2.687 billion from 1984-85 spending.

In the general fund, which finances state programs such as welfare, education, prisons and the Highway Patrol, spending will reach $28.2 billion — an increase of 9 percent. This means the state will be spending, from the general fund, $1080 for every citizen in the state, the first time per-capita spending has exceeded $1000. Per-capita spending is now 175 percent above the $393 per person spent by the state in the 1974-75 budget year. However, if state spending this year were converted into 1974 dollars, the state would be spending $489 per Californian — an increase of only 24 percent.

As things now stand, the state will have a reserve of $1.32 billion for the upcoming fiscal year, or about 4.7 percent of its total general fund revenues for the year. The reserve figures will drop to $1.029 million, 3.6 percent, if the Legislature approves the $289.5 million in additional spending Deukmejian has proposed. The governor wants to use $125 million of that to repair local streets and roads, $42 million to reimburse local governments for their unemployment insurance costs and $68.8 million to repay money "borrowed" by the Legislature from special funds during the lean budget years.

It was not so long ago that complaints of "obscene" billion dollar surpluses gave voters part of the reason they needed to approve Proposition 13. In seeking a "reserve for economic uncertainties" last year, Deukmejian made sure the figure he picked, 3.7 percent of general fund revenues, came out just below the billion dollar mark. This year that same percentage comes up to slightly more than $1 billion.

If the economy remains strong and the state treasury comes up with slightly more money than expected, Deukmejian may find himself with enough extra money on hand to propose an election-year tax cut. Although he has steadfastly denied any such intent, there are certainly worse election year predicaments for politicians.

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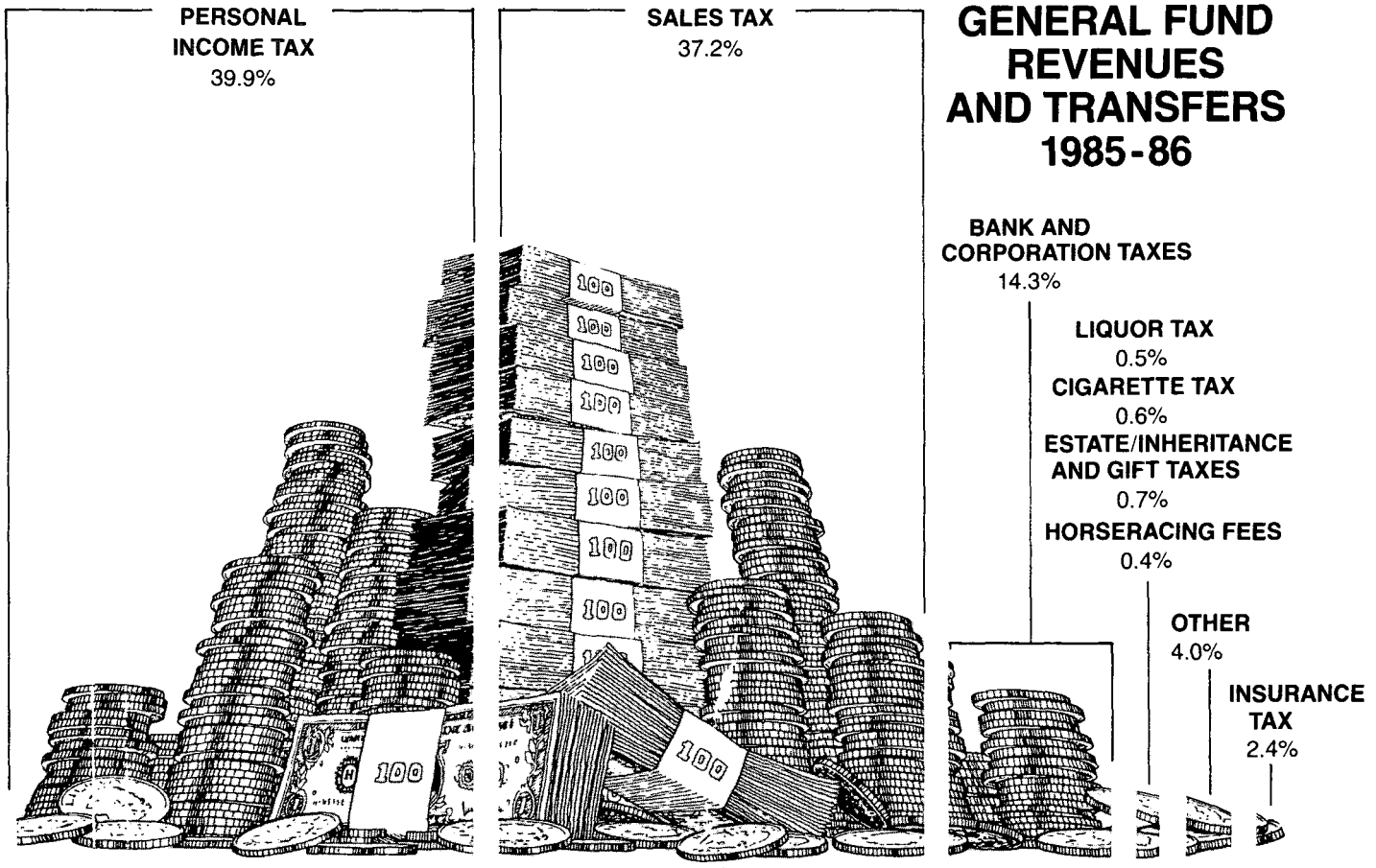
REVENUES

By JEFF RABIN



Source: Leg slative Analyst

In good times, California's powerhouse economy generates a river of tax dollars that flows to Sacramento's budget writers. From the depths of a severe downturn two-and-one-half years ago, the state's economy has rebounded with a vengeance, pumping billions of dollars in new tax revenues into state coffers. There is no stronger evidence of this surge than the Department of Finance's discovery, in May, that the state had banked $900 milliion more in revenue than had been anticipated in January. This overall abundance of tax receipts has allowed Republican Governor George Deukmejian to preside over a period of relatively rapid growth in the size of California's state budget.

The new spending plan for 1985-86 is no exception, although the rate of growth in both revenues and spending is slower thar. the double-digit pace of Deukmejian's first two years in office. Total state revenues, including special funds, are expected to reach a record $33.15 billion this fiscal year, up 5.1 percent from last year.

General fund revenues, which provide the financial foundation for most basic state government programs, are expected to hit $28.15 billion, a gain of more than $1.5 billion or 5.8 percent.

The growth in revenues, while slightly greater than the rate of inflation, is less than half the increase seen during the two previous fiscal years when the state's economy was recovering from the worst recession since the Great Depression. This slower rate of expansion in state income is in line with the Deukmejian administration's most recent forecast of moderate growth in the California economy this year and next.

And economic forecasts have taken on added significance in recent years as state tax collections have become more closely linked to the economy's performance. The personal income tax, sales tax, and bank and corporation taxes — all highly dependent on the condition of the economy — now account for more than 90 percent of all state general fund revenues.

Big Three

The income tax is expected to produce more than $11.2 billion this fiscal year. Sales tax receipts are projected at $10.5 billion and taxes on corporate profits, banks and other businesses should net just over $4 billion. The state's basic health, education and welfare programs are now almost wholly dependent on the performance of these Big Three tax sources, and the trend is toward even greater dependency.

Other major general fund revenue sources are shrinking in relative importance. The inheritance tax, repealed by the voters in June 1982, is dropping sharply, although California continues to pick-up a share of estate taxes that would otherwise

Jeff Rabin is a Capitol correspondent for The Sacramento Bee.

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go to the federal government. Cigarette consumption is on the decline, and revenue from the dime-a-pack tax is falling. Alcoholic beverage taxes are increasing only slightly as Californians switch from heavily-taxed hard liquor to beer and wine, which are taxed at pennies on the gallon. The state's take from betting on horse races is falling slightly. The tax on insurance premiums continues to grow and still generates substantial revenue.

As most other tax sources continue to decline or barely hold their own, the state becomes increasingly reliant on the Big Three taxes.,

"The Big Three are somewhere between 80 and 90 percent of our (total) revenues and are probably more significant now than they were historically," said Deukmejian's finance director, Jesse Huff. During good economic times, Huff said, the Big Three taxes are good revenue producers. "In bad times," he observed, "the state is more vulnerable than it used to be, and that's one reason we look for a reserve."

For the past two fiscal years, Deukmejian has insisted on maintaining a budget reserve of close to $1 billion, or 3.7 percent of general fund spending. Despite advice from Legislative Analyst William Hamm, the governor and state lawmakers have been reluctant to embrace the concept of a larger, 5 percent reserve, fearing that $1.5 billion in the bank might rekindle talk of an "obscene surplus" and re-ignite tax-cut fever similar to one that led to passage of Proposition 13 in 1978.

James Burton, executive secretary of the independent Commission on State Finance, underscored the importance of a budget reserve. "Clearly, there is a very close relationship between economic activity and the state's revenues," Burton said. "That is the biggest argument in favor of a reserve for economic uncertainties. Our revenues are very sensitive to economic activity. There is just no doubt that as economic activity slows down and we go into a recessionary period, the state's general fund can suffer, and suffer dramatically."

While the state's total revenues are still growing, changes in the tax laws and shifts in the California economy have made state government more susceptible to the effects of economic downturns. Slower gains in employment, personal income, taxable sales and corporate profits directly affect the Big Three taxes.

Indexing of the state's income tax — preventing taxpayers from being pushed by inflation into higher tax brackets — has put a brake on the growth in income-tax receipts. Despite indexing, the personal income tax has become the state's largest single tax source, surpassing the sales tax in 1984 for the first time.

The sales tax, by far the biggest revenue producer during the past two decades, is feeling the effects of a changing economy, where services play an increasing role. "The sales tax is a tax levied on tangibles," Huff explained. "Our economy is moving away from tangibles, so the sales tax . . . is not as strong as the income tax."

The sensitivity of the state's major tax sources to changes in economic conditions puts a premium on accurate economic forecasts. Both the Department of Finance, and the Commission on State Finance, an independent body created in 1980 to provide a second opinion for policymakers, generate economic forecasts used to predict state revenues.

In a volatile world, economists have difficulty gazing 18 months into the future to project revenues for the following fiscal year. Burton noted that "even if you're 95 percent right, that 5 percent is huge in terms of dollars."

A windfall

The economic fortune tellers are constantly watching trends, monitoring other forecasters and adjusting their computer models. This year, the precise picture of California's revenues was not revealed until after taxpayer's put their checks in the mail. To the amazement of lawmakers, Huff reported in early May that revenues in the just completed 1984-85 and current 1985-86 fiscal years would be nearly $900 million higher than expected. The windfall was not discovered until late April when a flood of income-tax returns were processed and the average payment was found to be $50 higher than expected. As a consequence, income-tax receipts in the 1984-85 year were $355 million above earlier estimates. Bank and corporation tax payments are expected to be $260 higher over the two fiscal years.,

Contrary to widespread belief, not all of California's fiscal good fortune is a mere by-product of an improved economy. Although the Big Three tax rates have not changed, a series of revenue-raising measures, passed by the Legislature and signed by Deukmejian, are still benefiting the state.

The most recent change clamped a limit on the total cost of the state's solar and energy tax credit. By reducing the maximum credit and requiring operators of large scale solar and wind installations to claim a credit over three years, the state will collect an extra $120 million in income taxes this year.

The state treasury also continues to profit from a series of law changes — which Deukmejian called "loophole closures" — for deductions and motor vehicle taxes that occurred during Deukmejian's first year in office.

As the 1986 elections draw closer, it's a safe bet that neither Deukmejian nor lawmakers will go out of their way to remind Californians that these "revenue enhancements" played a part in the state's return to fiscal health.

BONDS

By RICHARD ZEIGER

One often overlooked portion of the state's budget is bond sales, which could provide about 5 percent of the money the state will spend in the upcoming fiscal year.

The state has about $7.7 billion in general obligation bonds currently outstanding. The state's general fund — financed by tax receipts — will pay the interest for about half of these, about $486 million in the upcoming fiscal year. The remainder of the bonds, such as those that support the Cal-Vet loan program, are financed from "self-liquidating" accounts where repayments provide money to pay off the bonds.

The amount the state is paying in debt service has been slowly inching up in recent years, according to state Treasurer Jesse Unruh, whose office is in charge of selling the bonds. Debt service will increase by 13.8 percent in this fiscal year, and represent about 1.7 percent of the total general fund budget.

Still, Unruh says that "by any measure you can think of, our outstanding debt is low." The state's bond rating was increased this year after being lowered during the financial crisis of 1983. Although it is not at a top, "Triple-A" rating, "we've been selling as if we were," Unruh said. The most recent bond issues have gone for just over 8 percent.

The state expects to sell between $800 million and $1 billion in bonds during the current fiscal year, including bonds for prison construction and cleaning up toxic waste. This is slightly down from the $1.24 billion sold last year.

Top state officials have been holding a series of meetings to try and decide just how much more bonded debt voters will be asked to approve at the polls in June and November of 1986. Unruh believes the amount could reach $2 billion on each ballot. "There's a tremendous demand for California bonds out there," he said.

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BUDGET ERRORS

By A. G. BLOCK

When it lands on the governor's desk, the California state budget is an impressive document crammed with $35 billion or so worth of revenues and expenditures. But as with any effort pieced together by human hands, it annually contains various errors.

The 1985-86 version was no exception, as several faux pas turned up in the final document. Although most attention focused on the failure to delete so-called "abortion language" in the family-planning budget (see the Health and Welfare, page 8), a July 17th memo from the Department of Finance listed 34 substantive and 21 minor errors. In addition, there were several "language errors".

Most miscues were mis-stated appropriations, easily fixed with a clarification letter to the appropriate agency or with the governor's blue-pencil veto. A glaring example involved the STIP appropriation for the Department of Transportation (see Transportation, page 14). Schedule A of that item should have earmarked over $1.5 billion for the state highway program. Instead, the budget appropriated "0."

There were two language errors of note aside from the one for family planning. The first involved a $100,000 appropriation for an AIDS Ombudsman. The budget conference committee added the money plus wrote instructions showing how to spend it. Those instructions, however, didn't show up in the final bill. Lawmakers didn't have to correct this problem, however, because the governor blue-penciled the appropriation. Also, the bill did not contain instructions, approved by the conference committee, meant to ensure that medically-indigent adults get the same level of medical treatment as Medi-Cal patients.

Why do mistakes like these occur? Mostly because both the budget and the process that produces it are complex and the final bill is honed very rapidly by a Senate-Assembly conference committee in just a few days. There are checks and procedures in place to prevent mistakes, but according to Nancy Ordway, deputy director of the Department of Finance, sometimes the safety nets line up wrong and an item falls through the holes.

In a nutshell, all conference committee decisions are tracked by the Department of Finance, Legislative Analyst, Legislative Counsel and the staffs of the Assembly and Senate fiscal committees. At the end of each day, these varied staffs meet to record committee decisions in a master agenda book. Based on that book, Finance produces a series of directives, called "greens," to the Legislative Counsel, which in turn drafts various amendments to the budget bill.

In the family-planning error, the chain of events began when Finance failed to produce such a "green." Not that Finance was all that negligent. The family-planning restriction actually appeared in two places in the budget — attached to an appropriation in the Health Services budget and as a control section inserted at the end of the bill.

The control section had been amended into the budget on the Senate floor where Finance's new computer failed to track it. There was additional confusion because the restriction and the control section were deleted by the conference committee on separate days. Finance produced a "green" to delete the former but failed to do so for the control section, and no one down the line managed to pick up the lapse. Thus it was never deleted from the final budget sent to the governor.

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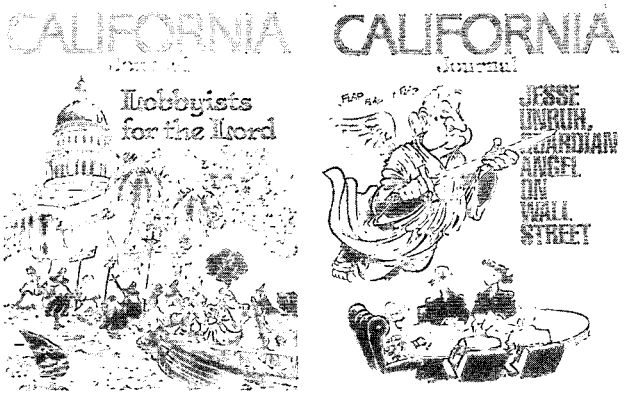

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HEALTH AND WELFARE

By JENNIFER KERR

Anti-abortion legislators and groups scored a surprise victory in this year's state budget through a last-minute assault on family-planning funds, an editing mistake and Governor George Deukmejian's beliefs. But their success was likely to meet the same fate as their eight-year effort to restrict Medi-Cal abortions — repudiation by the courts.

The anti-abortion force's assault on state family-planning funds was one of the few major disputes this year in the $8.9 billion health-and-welfare budget, as the Republican governor abandoned or downplayed most welfare-revision proposals from his first two years in office.

For the first time in many years, 2.3 million welfare recipients are getting a full cost-of-living benefit increase without a hint of battle. From the time of his initial budget proposal in January, he included the full cost-of-living increase required by the 1971 welfare-reform law. In 1983, the year of the state's massive budget crisis, he had proposed no increase instead of the 5.7 percent required by law. He later compromised with lawmakers at 4 percent. Last year he proposed 2 percent, but the Legislature's Democratic majority refused to change the law and permit anything below the required 5.6 percent.

Deukmejian's full-increase proposal this year reflected both the improbability of getting Democrats to agree to a lower rate and the defeat by voters last November of a welfare initiative. That proposal — by Republican Assemblyman Ross Johnson of Fullerton — would have essentially cut in half family Medi-Cal and welfare payments. Thus the 1.6 million mothers and children in the Aid to Families with Dependent Children program and the 700,000 aged, blind and disabled on the Supplementary Security Income/State Supplemental Payment (SSI/SSP) program are receiving 5.7 percent benefit increases. The grant for a mother and two children (the average family on AFDC) rose July 1st from $555 a month to $587. Benefits for SSI/SSP recipients vary and don't take effect until January 1, 1986, because of federal law. But the grant for an aged or disabled couple will increase from $936 a month to $989.

Abortion

The anti-abortion restrictions on $34 million in family-planning grants, which go to private and public clinics that provide contraceptives to poor people, were added at the 11th hour in the six-month budget process. Republican Senator H.L. Richardson of Glendora, at the urging of anti-abortion groups such as the American Life Lobby and the California Pro-Life Medical Association found 20 votes on The Senate floor to amend the final Senate budget version.

Richardson's language said family-planning grants could not go to "any group, clinic or organization which performs, promotes or advertises abortions, or which receives any direct or indirect compensation, advantage, benefits or gain from referrals for abortion services." Planned Parenthood said the language would restrict what they can do with their private funds and would prevent them from following state law that requires them to give women counseling on all options — including their legal right to an abortion.

In addition, opponents also contended that county family-planning programs would lose their state money because abortions were performed at county hospitals. Richardson said that was not the intent, and the administration quickly prepared regulations that exempted counties from the restrictions.

The budget conference committee, composed of three Senators and three Assembly members voted 4-2, with Republicans dissenting, to remove that language. However, the language was mistakenly left in the final budget document (see box, page 7) approved by the Legislature and sent to Deukmejian. The error was discovered a week later, and Democratic leaders urged the governor to veto the language in keeping with legislative intent. But 45 legislators, 37 Republicans and eight Democrats, urged Deukmejian to leave the language in, saying in a letter that deletion would be "contrary to your public pronouncements on the question of abortions and tax dollars."

Deukmejian left the Richardson language intact, saying it "keeps faith with my own convictions about abortion."

Planned Parenthood and other clinics quickly asked the First District Court of Appeal in San Francisco to overturn the restrictions, saying they violated rights of privacy and legislative intent. The court in mid-July issued a stay, blocking use of the restrictions, and scheduled an August hearing. The majority members of the court are Justices J. Anthony Kline, who was an aide to former Democratic Governor Jerry Brown, and Jerome Smith, a former Democratic state senator.

The same court, in the same week, also ruled against the budget's Medi-Cal abortion restrictions in what has become a ritual. Each year since 1978 the Legislature has attempted to limit state-financed Medi-Cal abortions for poor women to saving the life of the mother, cases of rape or incest and severe damage to the fetus. Each year abortions rights groups such as the Committee to Defend Reproductive Rights have gone to the courts, which each year declared the language unconstitutional and ordered the state to pay for all Medi-Cal abortions. The budget contains only the $14 million to pay for the abortions allowed under the restrictions; thus the Legislature, as it has every year since 1978, will have to pass a deficiency bill next summer to provide an additional $14 million to pay for all the estimated 100,000 Medi-Cal abortions.

Workfare and block grants

Deukmejian this year also downplayed previous attempts to make welfare recipients work for their benefits and to give counties general "block grants" for health programs instead of money specified for different programs. For the first time since he took office, Deukmejian did not mention workfare in the budget or his January address to the Legislature. His 1985 proposal was presented separately later and carried in a bill by Senate Minority Leader Jim Nielsen of Woodland. But in July, some Assembly Democrats announced they had developed a compromise workfare program that also was acceptable to the administration.

Jennifer Kerr is a Capitol correspondent for the Associated Press.

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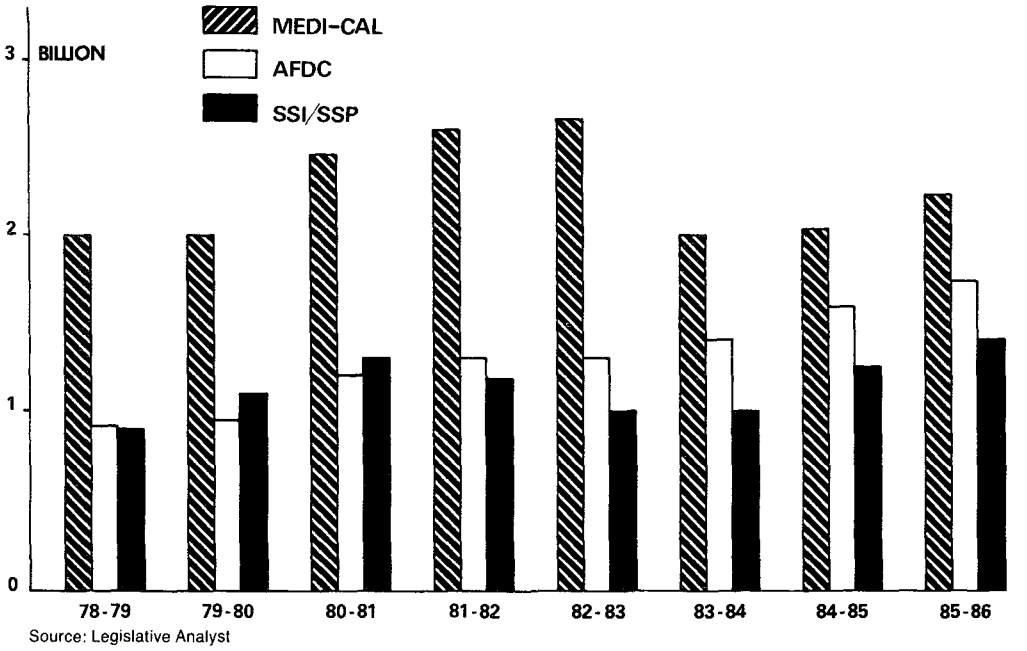


Source: Legislative Analyst

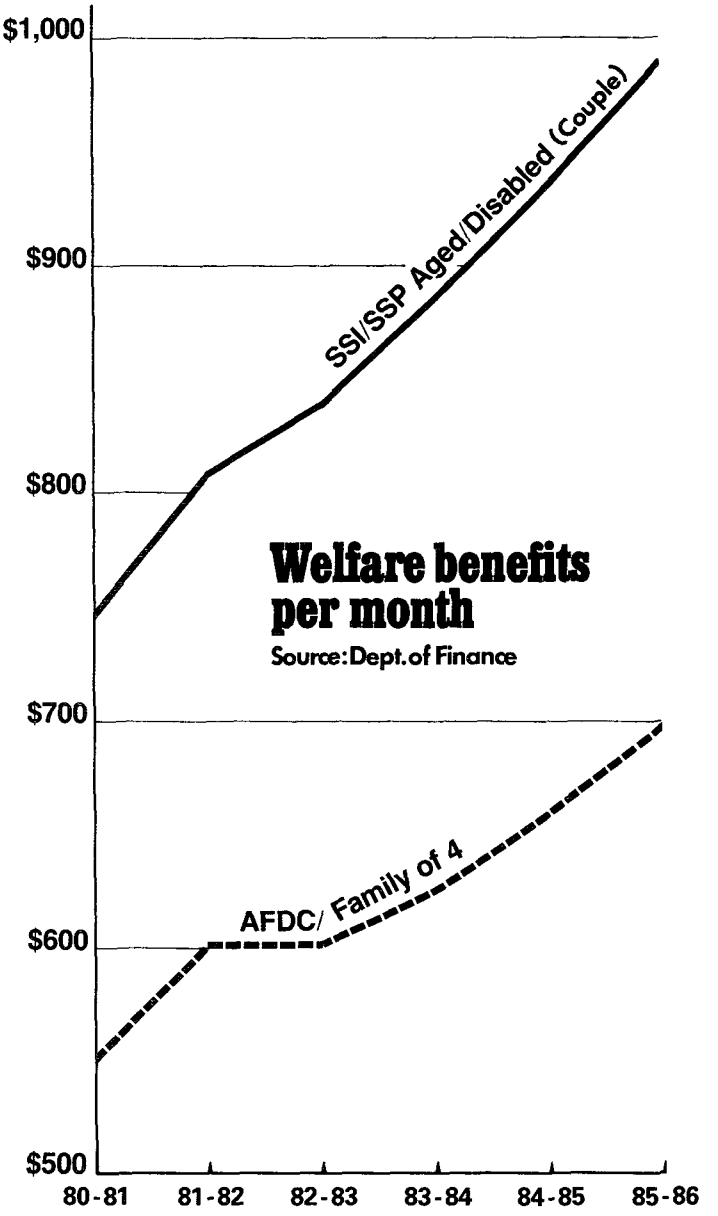
The Legislature also rejected Deukmejian's latest block-grant plan (Family Health Initiative Program) which would have given counties one large grant instead of separate funds for family planning, preventive health services and maternal and child health services. Opponents feel some counties might be less inclined to spend the money for less-popular programs unless it is specified.

In the Medi-Cal program, which provides health care to 2.8 million poor people, legislators became concerned that some of the 1982 Medi-Cal reforms were adversely affecting health care in some counties. The cost-cutting shift in hospital care to contracts, under which the state and hospitals set a rate for Medi-Cal patients and require the patients to go only to those hospitals with contracts, has left some hospitals with a larger-than-average percentage of poor patients; they say they must boost private rates to compensate. The Legislature added $10 million in state funds to help hospitals serving a "disproportionate number" of Medi-Cal patients. Deukmejian cut that money to $2.5 million, saying, "I do not believe in the concept of addressing such deficiencies through an automatic increase in Medi-Cal rates."

Deukmejian did leave in an extra $50 million the Legislature added to the $515 million he had proposed for counties to care for medically-indigent adults — the "working poor" who cannot afford major health expenses. Their care was shifted to counties in the 1982 reform law, but the counties have complained that they have not been given enough money each year to cover the costs.

Mental health, long neglected by the legislative and executive branches, received a substantial increase for the second year as both the administration and lawmakers say they are determined to improve the system. The budget includes $461 million for county mental-health programs — a 27 percent increase over last year. Legislators added $48 million for programs for the mentally-ill homeless; Deukmejian left in $20 million of that. Democratic Assemblyman Bruce Bronzan of Fresno, who chaired a special committee on mental health, is moving through a bill that would boost funding for county programs, particularly those for the homeless, children, the elderly and veterans.

Deukmejian vetoed a total of $52 million in welfare programs and $127 million in health programs. Those included cuts of $11 million of the $17 million lawmakers added for health services and research for acquired immune deficiency syndrome (AIDS) and $5.5 million of the $9.5 million added for family planning.



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EDUCATION

By DAVID SAVAGE

The state's budget for the public schools is enormous: some $17.4 billion in 1985-86 — an increase of $1.4 billion over last year. But the public education enterprise in California is enormous, too, and all that extra money will basically keep things on an even keel. School districts will get 6.1 percent more for each student in class in the coming year, while funds for many special programs — from gifted education to transportation — will rise between 4 and 6 percent.

David G. Savage is an education writer for The Los Angeles Times.

Moreover, the governor and the Legislature have again come up with the money to pay for school reforms enacted in 1983. This means, for example, that schools which lengthen their school day, hire new teachers at higher salaries and give bonuses to outstanding "mentor teachers" will be able to get extra state money.

George Deukmejian continues to be a pleasant surprise to many educators, who were afraid the tight-fisted approach to education marking his first budget — when the state was on the verge of bouncing its checks — would carry forward through the rest of his term.

When everything is thrown into the pot, including the take from the new state lottery, public schools should see 9 percent more money, the same percentage as the budget as a whole, according to the Legislative Analyst's office. "It sounds like a lot of money, but it's basically a status quo budget," said one Sacramento budget analyst.

If inflation is running at the 6 percent projected by the state, school districts will keep up — no more, no less. Some of the categorical programs that were popular with Democrats in the 1970s will get only 4 percent more and will continue to suffer a slow squeeze. But the most important factor in the calculation this year, and for the next decade, was hardly discussed during budget deliberations: a surge in school enrollment. A big chunk of this year's spending increase simply pays for the additional students.

The Department of Finance recently projected the number of students in California's public schools will rise from 4.08 million in 1985 to 5.15 million by 1995. The increase, coming after several years of declining enrollments, is attributed to the emigration of residents to the state, many with school-age children, and to the fact that a "baby boom" generation which swelled school enrollment in the '50s and '60s is now old enough to be producing a "boomlet" of its own offspring. That's an increase of more than one-fourth — an extra one million students. Even if there were no inflation and no improvements made over the decade, California will need another $4.5 billion a year over this year's $17.4 billion just to keep up. And that presumes there are enough school buildings and classrooms to house all those students. There aren't.

Standing still

For the next decade, California state officials will find themselves in an unpleasant spot. Although they will pour billions of new dollars into public education, all that money will just keep school quality where it is now. As a result, school officials and teacher-union lobbyists will continue to point out that the "desperately needed funds" to improve the quality of the state's educational system has been denied.

California is not alone in that dilemma. Allan Odden, a respected school finance expert at the University of Southern California, recently studied how the states responded to the "Nation at Risk" report, which concluded in 1983 that public education and the nation were in serious trouble because of low classroom standards and the need for more money. So far, Odden concluded, the report succeeded more in setting off a rhetorical barrage than in opening the dike for more money.

Only a few Southern states such as South Carolina and Tennessee put a substantial amount of new money into public education. Most others slightly exceeded the inflation rate, but there's no evidence of a "dramatic rise," Odden said.

Perhaps that's as it should be. Many of the most important reforms, as California school superintendent Bill Honig has pointed out, don't cost money. Having teachers assign home-

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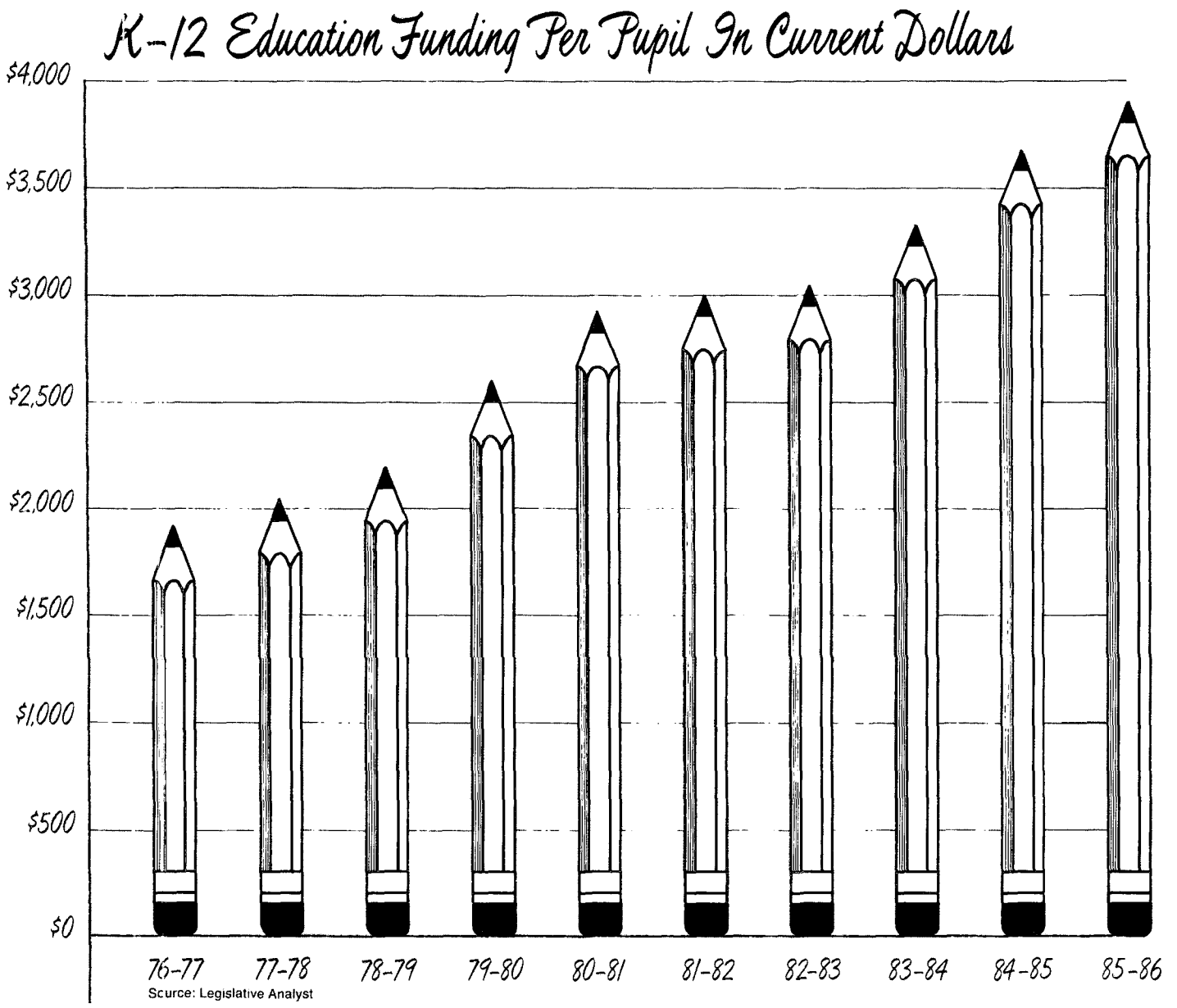

work, and seeing that students do it, shouldn't cost billions. Moreover, the state has put extra money into key areas. For example, while everyone was decrying the $12,500 a year starting salaries for new teachers, California quickly raised its bottom line. The Los Angeles district is still in desperate need of new teachers, but it is offering more than $19,000 now. After many complaints about scruffy, out-of-date textbooks, the state also set up a new fund for purchasing new books and other instructional materials. The new lottery money — $243 million in 1985-86 — should help here as well. That revenue — about one-third of the gambling receipts — cannot be used for salaries, and most school districts say they will use the funds to buy classroom items like computers or books.

But there's one area where California hasn't made much progress. This state has the highest ratio of pupils to teachers — nearly five more in every classroom — in the nation. Teachers' salaries are relatively high here — $26,300 on the average in 1985, compared to a national average of $23,546. This state also spends more than the average for special programs such as compensatory education or bilingual education.

Still, California's overall school spending is below the national average, according to data from the National Education Association. In 1984-85 California spent an average of $3126 per pupil, $100 less than the national average. Despite the improvements of the past two years, California still trails well behind other large, industrial states (such as New York, Michigan and Illinois) in education spending.

If you ask teachers about what would do the most to raise the quality of education, many will say, "Give us smaller classes." You can't really help those children that are having trouble or those who are superior with big classes, they say, nor can you teach writing intensely if you are a high school teacher with 34 students in five classes. If you don't agree, try reading and grading 170 papers in your spare time.

It's obvious why the state doesn't move quickly to reduce classes and make the teachers happy. It costs too much. The Senate Education Committee calculated last year that it would cost more than $100 million a year to lower each class by just one child. That idea was scratched, but Democratic state Senator Gary Hart of Santa Barbara, chairman of the Senate's education panel, had a good fall-back approach. He wanted to reduce classes to 20 for writing teachers in one grade at the junior-high level and one grade in senior-high level. His bill to do just that carried a price tag of more than $60 million, but Deukmejian vetoed it last year.

It's hard to fault this year's education budget since it raises the general level of aid and carries through with the key reforms. But with large classes and a growing student body, gaining quality education in California is going to cost much more in the years ahead.

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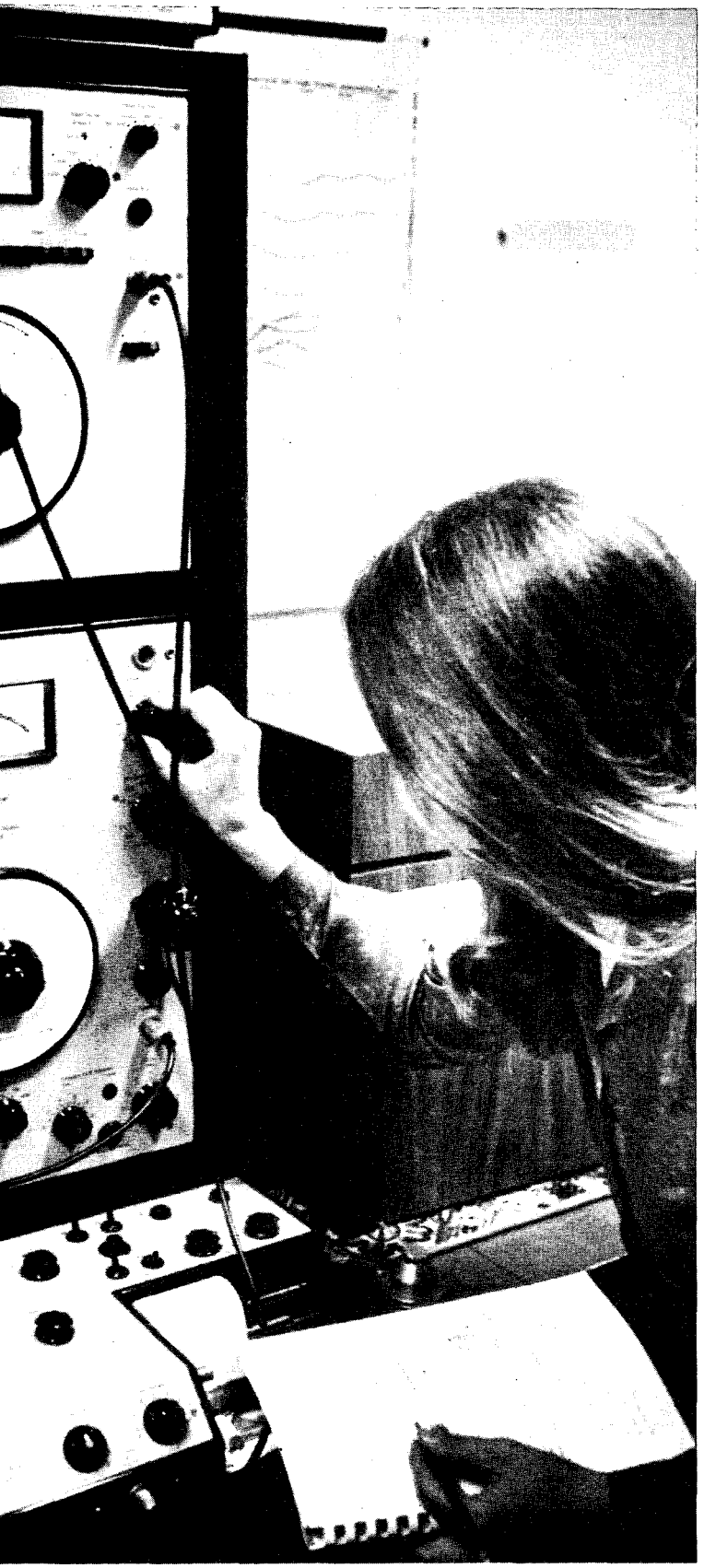
HIGHER EDUCATION

By DAVID SAVAGE



For the second year in a row, California's public universities got a double-digit funding boost from Governor George Deukmejian and the Legislature, an increase that has stopped all talk about the decline of the state's highly-regarded university system.

After taking office in 1983, University of California President David P. Gardner went to Sacramento with two messages: The UC system was in the midst of a steady slide that was threatening to become a dive, and the state's high-tech economic future depended upon the quality of its higher-education system. As is clear now, it was a message that both Deukmejian and the Legislature could buy.

The budget for the nine campuses of the University of California rose 14.2 percent, to $1.66 billion in 1985-86. This followed a 22.2 percent jump in state aid for UC last year. Meanwhile, the 19-campus California State University received $1.28 billion — an 11.4 percent increase. Last year, CSU got 21 percent more.

But the same general notion — that economic success depends on quality education — has not been carried over to California's 106 community colleges. While the UC and CSU campuses conjure up visions of future scientists, doctors and engineers for the benefit of the governor and the Legislature, the community colleges seem stuck with an image of aerobics and macrame, an image that has apparently harmed the colleges as they appeal to elected officials for a bigger share of the state's dollars.

Since Proposition 13, which forced the two-year colleges to rely on Sacramento for funding, California's community colleges have fallen behind the rate of inflation by about 10 percent. But judging this year's budget for the community colleges depends on who you talk with. Deukmejian's aides note that total funding went up about 9 percent, to $1.2 billion in state money, for 1985-86. Over Deukmejian's three years in office, the amount spent, per student in the two-year colleges has risen by 30 percent, his aides say, an increase that parallels that for public schools.

Community college officials see it differently. Yes, they say, the amount of money per student has gone up, but the number of students has gone down. As a result, most college budgets have been flat in actual dollars available to spend. This puts a squeeze on the colleges, which can't cut expenses as fast as enrollment drops. Eliminating the classes doesn't help, college officials say, since that only encourages more students to leave. In addition, fixed costs, such as maintaining buildings and paying utilities, don't become lower.

A rebuttal

The colleges put the blame for their enrollment drop — they have lost about one-fifth of their students since 1982 — on the governor's insistence on imposing a $50 enrollment fee, the first ever for community colleges. Even though the drop started the year before the fee was imposed, college officials insist fear of the fee deterred students or kept them away. In addition, the college's image problem is reflected here as well, with many of today's practical youngsters figuring that they're better off going directly to a state university than spending two years in a community college. Others, however, maintain the enrollment drop is related more to the improving condition of the economy. As the job market improved, young people went to work rather than to college.

David Savage is an education writer for The Los Angeles Times.

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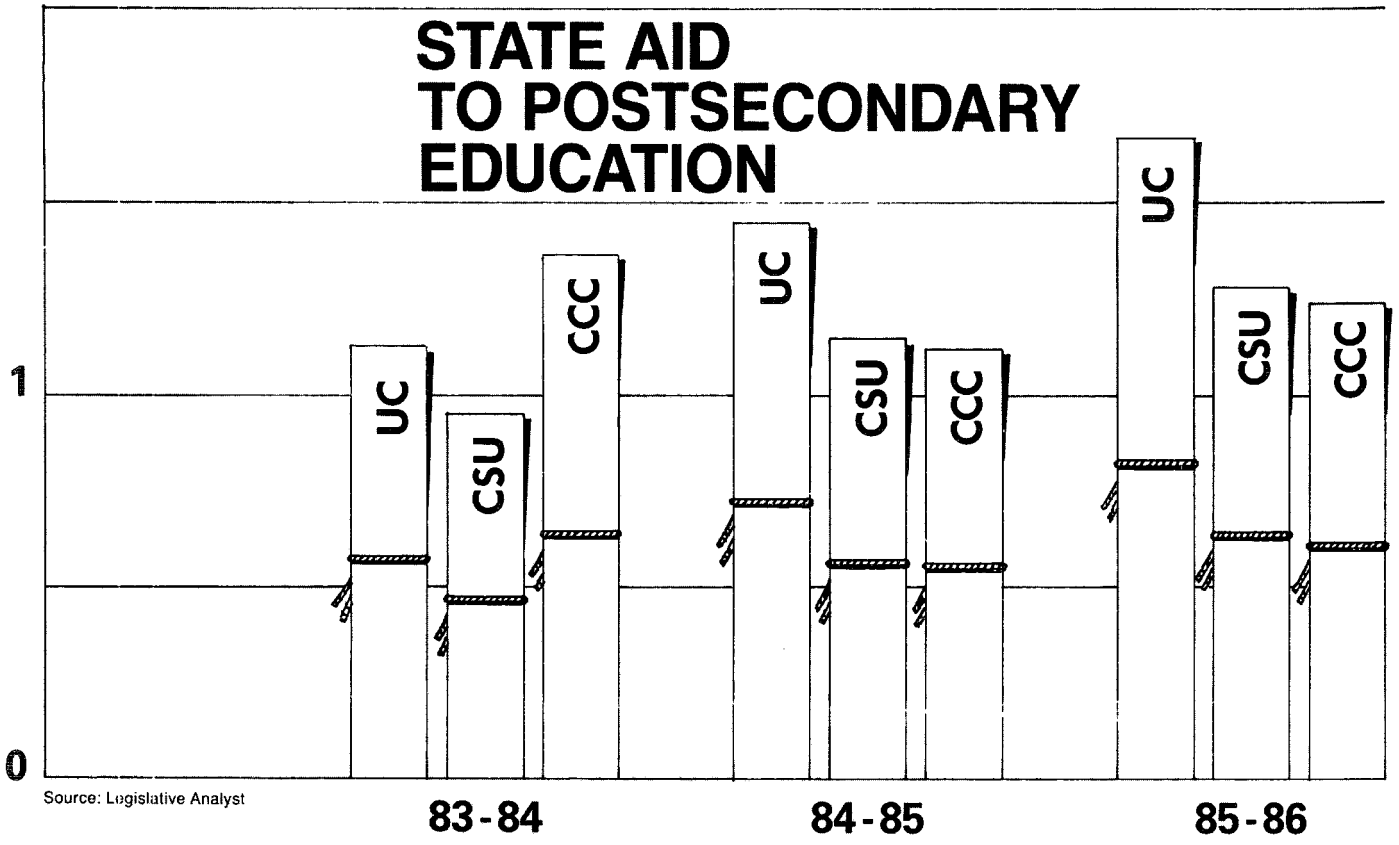

To these complaints, Deukmejian's finance director Jesse Huff and education adviser William Cunningham have a simple rebuttal. In 1983, they note, community college officials sought a new financing law which would tie their funding to enrollment and each year add an increment to reflect the inflation rate. The governor accepted that idea and has provided funding to cover the law, they point out.

The colleges now say that compromise was a mistake. It was struck at a time when enrollments were going up and would have worked had things continued that way. Now that enrollment is off, they find they've struck a bad bargain.

Deukmejian has not been heartless on the question of enrollment drops. With the number of students off sharply in some districts — notably Los Angeles and Oakland — the governor added $31 million to provide temporary aid to those districts with a sharp loss of students.

Meanwhile, college officials have complained that tight funding for over a decade has cut deeply into their budgets for new equipment and for maintenance. When times are tough, it's always easier to forego maintenance or the purchase of new computers rather than lay off faculty or staff. That's just what most colleges have done, to the detriment of the instructional programs. In Los Angeles, for example, community colleges say they are 20 years behind the times in teaching courses such as accounting because they haven't been able to purchase new computers and up-to-date programs.

In response, the Legislature created, and Deukmejian accepted, the first separate fund of $26 million for equipment purchases for the community colleges. In addition, the governor's office estimates that the community colleges will get $33 million next year from the new state lottery.

However all this new funding for the community colleges — for equipment, to cover enrollment declines, and the lottery receipts — has one thing in common. It is a one-time project and cannot be added to the regular funding base. Deukmejian held fast to the 6 percent base funding increase for the colleges and vetoed another $73 million added by the Legislature.

What does all this mean?

It's much easier to say for UC and CSU — which are university systems — than for the community colleges, which are a federation of independent districts. Those districts that are gaining students or holding steady should do just fine. Those that are losing students will be pinched further.

For the faculty at UC and CSU, the budget means another good salary raise. For the students, it means steady, rather than rising, fees. Both university systems say they will be able to keep pace with their competitors around the nation in faculty salaries. UC officials project about a 8.8 percent pay hike for professors, while CSU officials foresee an increase of about 10 percent. UC students will pay about $1300 a year in fees, while fees at Cal State will hold at $573 a year.

But often, it seems, the budget numbers have more affect on the psychology of an organization than on its bottom line or even the paychecks of employees. Two years of good budgets have restored morale and momentum in the state universities. University faculty and officials no longer talk about the slow demise of this state's exemplary higher-education system. Professors do not speculate about moving elsewhere. And despite the atrocious housing costs, university officials say they are again recruiting top-notch talent to come to California.

The same cannot be said for the community colleges. Instead, most public discussion concerning the community college has a depressed and soul-searching quality. Whether it's instructors, administrators, trustees or legislators, everyone has been analyzing the "crisis" in the community colleges.

Governor Deukmejian is right in insisting that his current budget for the community colleges is not a bad one. He has funded what the law required, and even given more. But it's also true that he has refused to provide the added money sought by the colleges, vetoeing several attempts to do so. Those vetoes have undermined morale in the community colleges, which have always been something of the "little brother" in state's higher-education system. The governor has, on numerous occasions, said he wants to revive California's higher education system but that revival apparently stops with the public universities.

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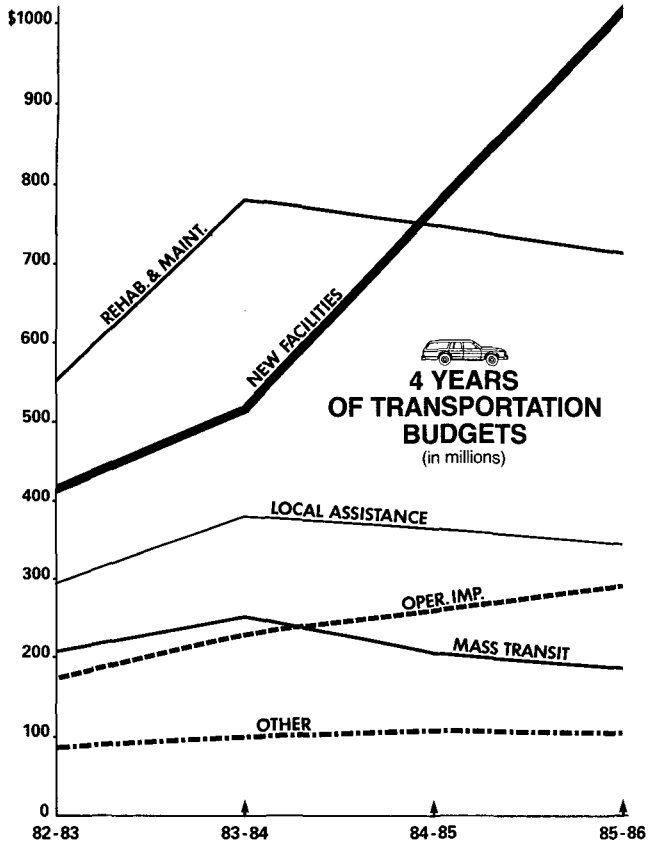
TRANSPORTATION

By DIRK WERKMAN



When state Senator John Foran called a press conference last January to announce he was seeking a five-cent increase in the state gasoline tax, the Democratic lawmaker from San Francisco set himself up as a target.

Nobody denied more money was needed to repair old roads and build new ones:

- As much as $1.7 billion a year may be needed during the next decade to repair county and city roads throughout the state.
- The California Transportation Commission is beginning the process of picking $560 million worth of projects from its current five-year construction and maintenance program that can be delayed. The money is not — and apparently will not — be there to carry them out.
- Governor George Deukmejian's task force, appointed last year to look into deteriorating roads and other parts of California's deteriorating infrastructure, recommended the gasoline tax be increased five cents, from the current nine cents up to 14 cents.

But Deukmejian himself quickly let it be known he flatly opposed any such idea.

So when Foran took up the proposal to begin the new year, he knew the going would be as rough as driving some of California's pothole-plagued highways. The governor has refused to change his mind on a tax boost and his fellow Republicans also have taken shots at the Foran plan. Although there were some supporters of the five-cent increase, by the time the Foran bill (SB290) cleared its first hurdle — Foran's own Transportation Committee — the five-cent boost had been eliminated.

Some of Foran's colleagues praised him for a spirit of compromise as a scaled down bill, with a small amount of added highway money, passed the Senate; but Democrat Henry Mello of Watsonville chided Foran as someone who "sold us out by eliminating the gas tax."

The simple truth, Foran reminded those on both sides of the issue, was: "I didn't have the votes. . . . It was just not in the cards — the votes were not there." With the 1986 elections getting closer, and Deukmejian unbending, it is doubtful the votes to raise the gasoline tax will be found anytime soon.

But the problem won't go away.

The big transportation problems in California still revolve around the automobile. While greater fuel efficiency has helped the pocketbooks of motorists, the demise of the gas-guzzler has cut road-fund revenues in California. Yet all those motorists in their fuel-efficient cars — and there are increasing numbers of them — are still tearing up highways that must be repaired or replaced in the face of rapidly rising costs.

"The simple fact," California Transportation Commission Chairman Bruce Nestande told a Senate committee, "is that the supply of highway capacity cannot meet the demand to use it."

A series of studies the past year have projected that from $400 million to $1.7 billion a year will be needed for the next decade just to maintain existing local streets and roads. Even if the higher maintenance estimates are dismissed as a wish list of local officials and highway builders, the lowest estimate of $400 million a year is sobering in light of what the state is doing — or failing to do — in the field of transportation.

The 1985-86 Caltrans budget of $3 billion represents an increase of $233 million (8.4 percent) over last year. Most of those dollars, or approximately $2.8 billion, will go for highway transportation — the building and maintaining of streets, highways and freeways — with nearly $185 million going for mass transportation and around $6 million going for aeronautics.

When he signed the 1985-86 budget in June, Deukmejian vetoed $289 million from other areas of the budget to make room for a number of projects he does want to support — including an additional $125 million to help counties and cities repair streets and roads. Several bills, including the Foran measure, could serve as the vehicle to provide this $125 million. However, by the time the Legislature broke in July for its summer recess, Deukmejian's Department of Finance had not found a single measure it could recommend to the governor.

But the negotiating and politicking is not yet over. For example, one administration-favored proposal — to have counties and cities match dollar-for-dollar their allocations from the $125 million pool — has been dropped from the Foran bill, partly because the local officials objected vigorously. In the absence of such a requirement, Deukmejian wants some language to guarantee any new highway repair funds are used by local officials for that purpose and not shuffled off to other programs.

Long-range clouds

If the immediate outlook for transportation funds is unsettled, the long-range picture is even less clear. Last June the California Transportation Commission approved a $12.7 billion State Transportation Program (STIP) outlining the construction and maintenance projects scheduled through June 30, 1990.

Dirk Werkman is Capitol correspondent for the Los Angeles Daily News.

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The ink had hardly dried on that document when officials predicted that at least $560 million of those projects were in jeopardy because the state and federal dollars needed to carry them out simply would not be there.

Transportation officials are now working on a list of projects to be sliced from the five-year list, although they are downplaying the reductions, saying the projects are merely being delayed. A final hit-list is still being put together and those bumped out of the plan will not be considered until 1991, with projects not now in the five-year STIP being delayed even further.

One of those disturbed about the situation is Democratic Assemblyman Richard Katz of Panorama City, chairman of the Assembly Transportation Committee. He accused the Deukmejian administration of "exaggerating the funding available" for highway projects and road repairs.

"If you don't fix them," Katz said of deteriorating local streets, "it's going to cost you three to four times more to rebuild them. The administration is totally unwilling to deal with the problem."

Nestande, an Orange County Supervisor as well as chairman of the California Transportation Commission and a potential Republican candidate for lieutenant governor in 1986, told a Senate committee last spring that the funding problem had become a political question. "The crisis is exacerbated as time elapses."

Some legislators speculate the administration's current cautious approach to funding street repairs will result in motorists paying much higher taxes at a later date. They talk of raising gasoline taxes 15 cents a gallon to get all the needed work done, although that idea is generally dismissed as politically impossible.

The money squeeze is amplified at the county level where each of the 58 counties is limited to receiving what officials term their "fair share" of transportation tax dollars. In some instances, one or two massive projects — especially projects in which the state must match federal dollars — can siphon off all of a county's money while numerous smaller, but important, projects sit on the shelf.

A case in point is the Century Freeway in Los Angeles County — a $1.5 billion project expected to be open to motorists in 1992. The fact of the Century Freeway pulling funds away from other sections of the county was reflected in an attempt this year by state Senator Alan Robbins to include restrictions in the Foran bill earmarking a certain percentage of the Los Angeles County highway funds for the San Fernando Valley. The Van Nuys Democrat could not convince Foran or many other lawmakers to go along with the idea, and resigned from the Senate Transportation Committee to underscore his displeasure with how his district was treated.

In addition to the Century Freeway project, the new five-year STIP proposes to carry out a $219 million widening of the 680 Freeway through Alameda and Contra Costa counties, a $204 million widening of portions of the 405 Freeway in Orange and Los Angeles counties, and a nearly $112 million project to construct a six-lane portion of Interstate 15 in the Norco area of Riverside County. Nearly $51 million would be spent under the STIP to complete the 101 Freeway in Santa Barbara, thus opening up a long-time bottleneck in the coastal route between Los Angeles and San Francisco.

While the $184 million the state will spend for mass transportation in 1985-86 is down about $10 million from the year before, Caltrans is sticking with its commitment to spend $400 million over the next few years to help build Metro Rail — a planned 18-mile subway that would link downtown Los Angeles with Hollywood and the San Fernando Valley. But the state pledge is linked to whatever the federal government spends on the project. If Washington backs out, as it still might do, some additional state dollars could eventually be freed for other projects.

APARTHEID

By A. G. BLOCK

Just because the state had plenty of money to throw around didn't mean that lawmakers came together in perfect harmony to pass a budget. There were still squabbles and spats, the discord often centering on peripheral issues.

For instance, one of the more heated controversies concerned an attempt to force the University of California and various state pension funds to sell off investments in companies doing business in South Africa. Originally inserted in the Assembly version, the anti-apartheid statement required those administering these multi-billion dollar pension funds for state employees, teachers, judges and legislators to sell off South African-related holdings. Because the Senate version did not contain any anti-apartheid language, the issue went to the budget conference committee for resolution.

The Assembly proposal was opposed by Republicans in both houses — it is contrary to President Reagan's more supportive approach to the Pretoria government — and by at least one influential Democrat — state Senator Al Alquist, chairman of the conference committee. He agreed with Republicans that the proposal was a foreign policy statement and had no place in the budget. That left the six-person conference committee deadlocked 3-3 over the issue. Only after it became clear that the controversy threatened to hold up the entire budget did Alquist switch positions and vote for a compromise that left a watered-down version of the section in the budget. The anti-apartheid portion cleared the committee on a 4-2 vote. The entire budget then passed 6-0.

As amended, the section condemned South Africa's policy of racial segregation but stopped short of requiring divestiture. Instead, it directed the University of California and various state pension funds to stop investing with companies that operate in that strife-torn country as of January 1, 1986. The section also directed that by July 1, 1986, state pension funds adopt a plan to sell off existing holdings in companies providing military equipment to the South African government. However, the budget did not call for penalties if the pension funds failed to comply.

The amended version seemed to please no one. Some Democrats complained it was meaningless, while Republicans still wanted it excised all together. After some last-minute posturing against the section on the Assembly and Senate floors, enough Republicans voted for the budget — and its apartheid section — to provide the two-thirds majority necessary to place it on the governor's desk. There, Republicans hoped, Governor Deukmejian would use his blue pencil to do what they had been unable — or unwilling — to do with their votes.

The governor obliged. While condemning apartheid, he vetoed the restrictions: "The budget is a spending plan for the programs and services of state government. It is not a foreign policy document."

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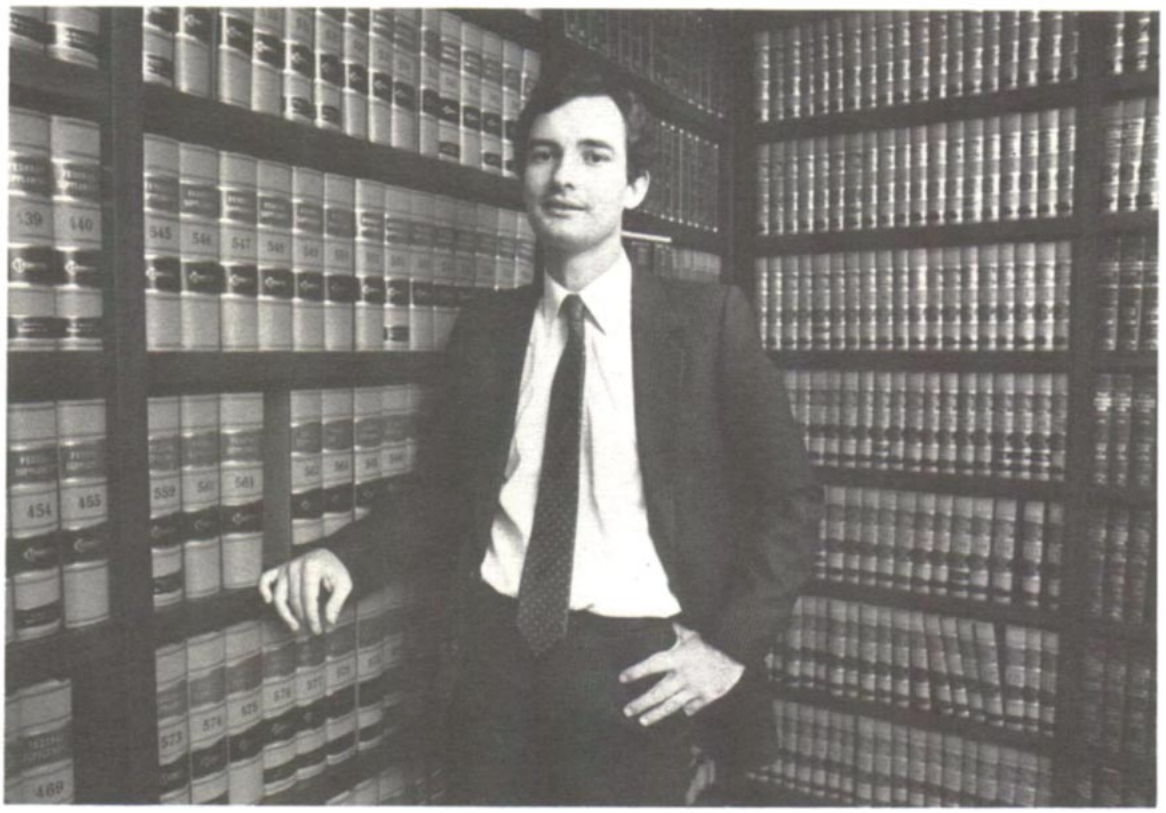

By LAURA MECOY

Legislative staff gleefully announced the hearing as "the great Toussaint case fee imbroglio, round two." They repeatedly called Capitol news bureaus to ensure coverage. They were certain they had a good story. What's more, they told reporters, the guys going on the griddle had asked for the hearing in the first place.

What had these legislative folk so excited was the prospect of a second, well-publicized hearing to examine the large attorney fees in the "Toussaint" case, where state prisoners had successfully sued the Corrections Department over their living conditions.

What originally brought the issue before state Senator Robert Presley's budget subcommittee was the Department of Corrections' request for $200,000 to pay a 26-year-old "special master" for monitoring San Quentin and Folsom prisons' compliance with a court order in this case. What turned this request into headline-grabbing news, however, were the circumstances surrounding the appointment of a young special master named Robert R. Riggs.

At the first hearing, senators learned Riggs got the job because his former boss, U.S. District Judge Stanley Weigel of San Francisco, created the post. He appointed Riggs to it in October, when he ordered sweeping improvements and an end to double-celling in prison lockup units that house the most troublesome inmates. Riggs' job was to see that Folsom and San Quentin prison officials carried out the Toussaint order, named for the lead prisoner who filed suit.

Riggs' timing couldn't have been better. He had left his job as the judge's law clerk to enter private practice only a month before Weigel provided him with such a lucrative new client. The judge also ensured his former clerk would be well paid; he set Riggs' salary at $75 per hour plus expenses and ordered the state to pay it.

Presley's ire

What really rankled Presley, however, was the fact that Riggs was earning $25 per hour more than the state's other court monitor, Allen Breed. Breed, an older and more experienced monitor, is so well-known in corrections circles that Presley said he had heard about Breed throughout his professional life.

The Democratic senator from Riverside knew Breed from Breed's days as Director of the California Youth Authority. He went on to become the director of the national Institute of Corrections where he literally wrote the book on the relatively new craft of monitoring prison cases. He also won court appointments to oversee six other prison cases — including a Marin County decision against San Quentin Prison.

Presley really seemed rankled, though, when Correc-

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tions officials said Riggs charged the state for taking monitoring lessons from Breed and that Riggs' bills could grow even larger if the state had to pay for his commuting from the job he had been offered in Washington, D.C. Riggs already charged state taxpayers $94,379.66 in his first nine months on the job. Breed, on the other hand, cost only $35,802.97 in 16 months.

"I am shocked by the figures," Presley said after the first hearing. "You have one that is untrained to do it, and one that is very experienced and trained to do it. And, you are paying him less. It seems to border on ridiculous."

The story might have died there but for the protests of two of the winning attorneys in the Toussaint case. They complained to Presley's staff that the first hearing was one-sided because Riggs hadn't been there to defend himself. Riggs had been out of town when the issue first surfaced and was flabbergasted to learn upon his return that he had been the subject of a legislative hearing. He wasn't used to such public scrutiny. Since graduation from law school in 1982, Riggs had stayed behind the scenes in his two law clerk jobs for federal judges.

But, he said, it was that experience that made him uniquely qualified for his new job. While working for Weigel, he listened to most of the court proceedings and helped with the legal research in the Toussaint case. He contended that the hourly fee Weigel ordered the state to pay him is a standard for attorneys. The $200,000 budget request to pay it, however, came from Corrections — not from him. He expects his bill to be about $125,000 for the next fiscal year.

"The amount is not a matter for the state Legislature to determine," he said. "Whether or not that (the $200,000 request) is passed by the Legislature does not affect what I will get. That is not what determines how much I can properly charge in this case." In fact, the fees are fixed by Weigel.

Riggs has not decided on the D.C. job offer or determined who would pay for the commute, he said. In addition, he explained that he was consulting with Breed — rather than taking lessons from the man — because he believed he must keep in touch with the other monitor at San Quentin.

Finally, he insisted, "I am an easy guy to get along with. I am not arrogant."

Even so, the subcommittee never heard his defense. He wasn't asked to testify and he wasn't sure he was the appropriate person to champion Judge Weigel's decisions. Unless there was another hearing with someone else speaking, the case for Riggs would not be heard.

To the defense

San Francisco attorneys Sanford Rosen and Bernard Zimmerman realized that. They requested the second hearing, never realizing how that request would turn on them.

As they discussed their testimony during the drive to Sacramento, Rosen and Zimmerman had no idea that they would wind up defending their own request for nearly $4 million in fees to pay attorneys representing inmates in the Toussaint case. They didn't know their journey to Sacramento was about to become yet another widely-publicized twist in the tortuous path that lawsuit has taken during its 12-year lifespan.

One of more than 1000 lawsuits pending against Corrections, the Toussaint case has caused more havoc than any other. Weigel has cited two Folsom Prison wardens for con-

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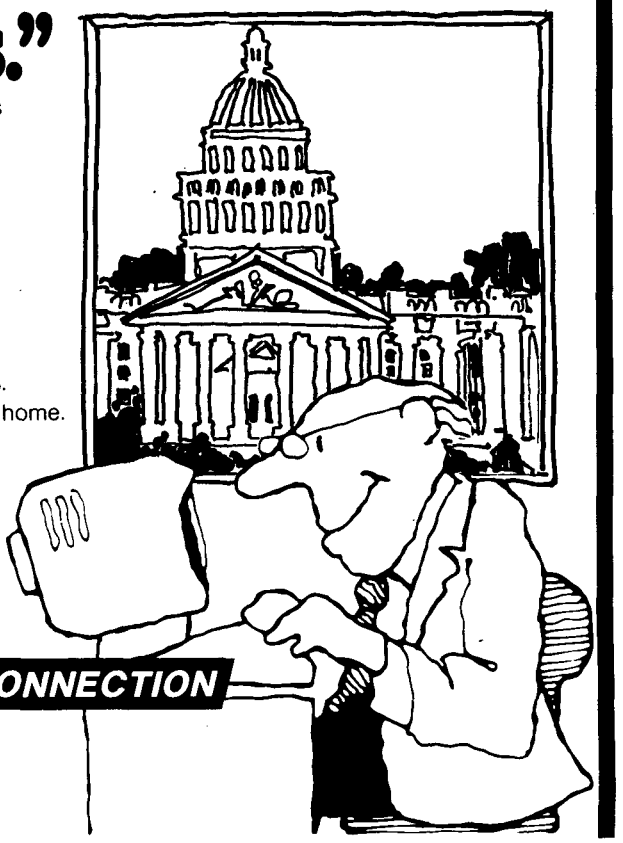

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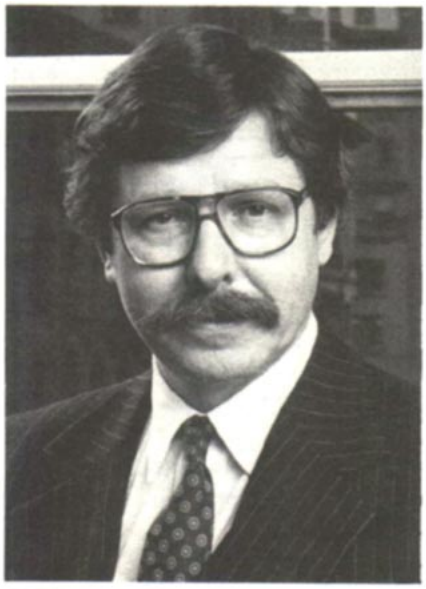

ROSEN

WEIGEL

ZIMMERMAN

tempt of court and prisoners' attorneys have accused Folsom staff with "setting up" six inmate stabbings to defy the judge's orders.

Both charges resurfaced this spring when the Senate narrowly confirmed one of those wardens, Joe Campoy, to replace Paul Morris, another warden cited by the court. Campoy was so upset by his confirmation hearings, which also featured charges of nepotism and sexism at Folsom, that he soon gave up the post, going on sick leave and seeking a disability retirement from the state because of high blood pressure.

Inside the massive granite walls of Folsom Prison, saying the word "Toussaint" is akin to swearing a curse on all who work there. The correctional officers already were losing the battle against violence in the severely-overcrowded and gang-ridden prison when Weigel's order came down.

Now, the officers complain, those troublesome inmates they put in lockup units for punishment get the privilege of living alone while well-behaved prisoners continue to be crammed two to a cell. They have cursed the judge and stayed after work to stage a protest against the attorney general's staff for being "in bed with inmates" because state attorneys helped investigate inmate stabbings.

Weigel's final order in the case provided no comfort for the officers or for Corrections.

"The inmate is substantially deprived of human contact (unless double-celled)," the judge wrote of those in lockup. "He spends days and nights without respite in a dim, noisy, malodorous cubicle the size of a dog kennel. Probably this cubicle is infested with vermin. Sometimes it is cold as well. The inmate is denied privileges such as family visits and telephone calls. He has no work program." Prisoners got showers only once a week, their food preparation was a threat to inmate health and Folsom's and San Quentin's units were "among the most violence-racked correctional facilities in the United States," he said. Thus Corrections officials set the stage for senators to provide at least some verbal revenge in "round two" of the "Toussaint case fee imbroglio."

The script

Corrections officials provided Presley with the script — Riggs' bills and fee requests — and had taken their seats to watch the performance the morning of May 13th.

When Rosen and Zimmerman arrived they were unaware of the role they were about to play in the historical hearing room on the first floor of the state Capitol. Both were surprised by a reporter's prehearing questions about the subject and refused to answer those inquiries. They waited patiently in the wings, reviewing their notes, while the subcommittee finished the first act. Then Rosen took the microphone to present Riggs' side.

He contended that the subcommittee's comparison between Riggs and Breed was unfair because Breed was not a lawyer, and the Toussaint case required a lawyer to hold hearings on whether certain inmates should remain in lockup.

That was Presley's cue: How much were Rosen and Zimmerman earning in the case? How were they paid? More important, how much would they charge the state for their appearance before the subcommittee?

The two attorneys grudgingly conceded they would charge the state the same amount they had sought in the Toussaint lawsuit — $185 an hour for Rosen and $170 an hour for Zimmerman. Altogether, Rosen said, the 16 prisoners' lawyers in the case had requested $1.5 million. Later testimony revealed that their bill covered only 14 months. Court records also showed the attorneys had requested up to $205 per hour for lawyer Sidney Wolinsky, up to $55 per hour for law clerks and $40 for one "certified law student."

Then came the epilogue. Not only were these San Francisco attorneys charging enviable fees; they also were asking the court for something called a "lodestar." It turned out to be a 2.5 multiplier applied to their fees to compensate for the delay between the performance of service and payment. If the court awarded the lodestar — and courts frequently do not — the attorneys' $1.5 million bill would turn into $3.75 million.

"That makes the $200,000 in monitor's fees almost peanuts, and we thought that was high," Presley said.

At that point, the deputy attorney general who lost the Toussaint case to this battery of lawyers could keep silent no longer.

"They are talking about attorneys' fees in the neighborhood of $4 million. That is a pretty nice neighborhood, and a neighborhood most attorneys would feel quite comfortable in," William Prahl said. "I wish our office could bill at $300 an hour to come over here."

Prahl disputed Rosen's claim that the case required an attorney. Correctional officers without the benefit of legal training conducted the same hearings as Riggs, he said.

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Rosen practically exploded at this double-barreled attack.

"It is wholly inappropriate that we have been the focus of this kind of thing," he said. "The officials of the Legislature should be focusing on the federal court injunction that has not been stayed or enforced."

Zimmerman joined his defense. "We think it is a great scandal that the great state of California has such an abysmal prison system, and that this condition has existed for more than a decade," he said. "We have over $1 billion funding being provided for new prisons, and none of that is going to correct problems we are talking about. The department has made the decision that no construction funds are going to the lockup where 10 percent of the state's prison population is. In the 12 years we have been litigating this case, I have not seen any progress."

Money for prisons

State officials acknowledge they haven't spent any of the bond money to meet the requirements of the court decision, but they note the voter-approved bond law requires it be spent only for the construction of new prisons. The state has budgeted $22 million for improvements at San Quentin, with about $13 million of that going specifically to solve the problems raised by Toussaint. At Folsom, the state is spending $150,000 to study just what is needed to meet the case's mandates.

Presley and Democratic Senator John Garamendi, the two most vocal members of the subcommittee, barely heeded their words. They debated the state's obligation to pay Riggs, noted that another subcommittee had eliminated the $200,000 completely and eventually voted to put $150,000 in the budget — $50,000 less than the department requested.

Even as they took the vote, Presley admitted their action was more symbolic than realistic. If Weigel ordered the state to pay the full amount, the state would have to pay it. But, he said, maybe the vote would put pressure on Riggs to keep the price down.

Presley quickly dismissed Rosen and Zimmerman, mindful of the combined $355-per-hour cost of the attorneys' testimony — also to be billed to the state — and resumed the subcommittee's consideration of Corrections' budget.

Rosen and Zimmerman stepped outside the hearing room to continue their criticism. "The legislators have gone off on an unwarranted act," Rosen said. "This subcommittee has grabbed an issue out of the air."

If so, it was an issue that touched a chord in the Legislature. About a month later, the budget conference committee eliminated the $200,000 monitor fee after Legislative Analyst William Hamm declared it to be "outrageous."

It appeared to be a dead issue. But, as any good bureaucrat knows, headline-grabbing issues like this one have a habit of springing back to life, and this was no exception to the rule. In August, Department of Corrections lawyers decided that the department couldn't pay Riggs, since it had no appropriation in its budget, but that the state did owe the money. They asked the controller's office to figure out where to get the money. And Riggs, concerned that he might not get his money, summoned state lawyers to San Francisco so he could quiz them on the source of his paycheck and warn them of legal consequences, should it be delayed.

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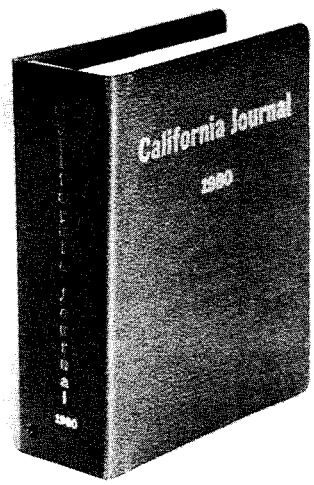

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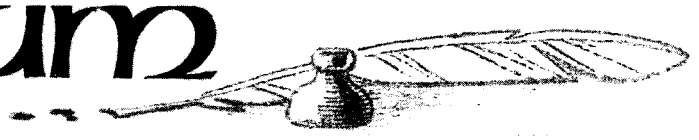

Initiatives

Concerning the initiative process and my activities regarding it (Capitol Review, *CJ*, July 1985), Article II, Section 1 of the California Constitution reads: "All political power is inherent in the people. Government is instituted for their protection, security and benefit, and they have the right to alter or reform it when the public good may require."

The word "all" means "totality."

In Capitol Review, former editor Robert Fairbanks wrote, "The voters' discovery of the awesome power of the initiative . . ." The word "initiative" should have been changed to "people." Fairbanks also wrote, "The attorney general gave titles to 124 proposed ballot measures (since 1978)." He said nothing about some 25,000 bills introduced into the Legislature in the same period, nor about the constitutional amendments put on the ballot by the Legislature.

David B. Magleby is quoted as saying, "The state Legislature is still the place where the laws are usually made or unmade in the presence — at least — of full information." I question this statement. I have heard many legislators say they voted for or against bills they knew nothing about but relied on the advice of their political leadership, or that they traded their vote to get a vote for something they personally wanted.

Proposition 13 was written in 1963 and was debated openly for 15 years and publicized more than any law ever proposed in California. Concerning Proposition 13, Fairbanks wrote that it "turned state and local government finance on its ear." Since 13, 95 percent of the cities, all the counties, school districts and the state have far more money to spend than they ever had.

I cannot speak for Paul Gann, but this tiger (your word) has no intention at all to sit in any rocking chair watching the grass grow. I am looking ahead to 1986.

HOWARD JARVIS
Los Angeles

Hard times

Richard Bergholz's article "Hard Times Befall Once-Influential Groups," (*CJ*, August 1985) throws light on the decline of Democratic and Republican grass-roots organizations. As CDC historian and member of CDC's board of directors, I would have mentioned CDC's great achievements as an indication as its potential for revival. Most political observers give CDC major credit for turning California from a Republican state to a Democratic state. Even in its weakened condition during the 1970s and later, CDC made contributions to democracy, party reform, peace, equal rights, social justice and the environment. It was also the conscience of the Democratic Party.

Although CDC lost members as the result of its advanced principles, many Democrats now support those principles. This membership loss was the price paid for being the cutting edge on controversial issues. A major factor in CDC's decline was Democratic Party incumbents who pulled clubs out of CDC by charging that it was more of an electoral liability than an asset. These incumbents perceived a growing conservatism among the voters; therefore, for the sake of winning election, they moved away from liberalism and CDC.

The article also mentions the decline of the California Republican Assembly (CRA). The weakening of the conservative CRA does not mean the weakening of California conservatism. The new development nationally and in California is the American Coalition for Traditional Values — a marriage of the secular New Right with the Religious Right. The *Christian Science Monitor* has pointed out how right-wing leaders saw the "activist potential of conservative congregations if they were mobilized around social issues."

Apparently, it is a rule of politics that divisiveness is increased as a coalition is broadened. This seems to be true for the umbrella organizations of both liberals and conservatives.

R. FRED KUGLER
Long Beach

Community Colleges

I would like to correct an unfortunate misconception which may have been created by your article entitled "Community College Plight" (*CJ*, July 1985). Referring to the Los Angeles Community College District, the article states: "Although district enrollment is down to 90,229 this spring from a high of 136,000 in 1981, the district has not laid off any faculty members." Although the statement is technically correct, I suspect that many readers came away with the false impression that the L.A. Community College District has not reduced the number of faculty members during this time of substantially decreased enrollment. Precisely the contrary is true: the number of faculty has been substantially reduced.

First, the number of part-time faculty has been reduced from 1991 in 1981-82 to 1499 in 1984-85. This represents a cut of almost 25 percent in part-time faculty. However, your article does not give us appropriate "credit" for this cut because the reduction of part-time faculty is not formally labeled a "layoff"; instead, those faculty members being cut are simply "not rehired." That quirk of language, however, should not be allowed to create the impression that a substantial reduction of part-time faculty has not occurred.

Second, there has been a substantial reduction of full-time faculty in our district, from 2214 in 1981-82 to 1966 in 1984-85 — a reduction of over 11 percent. This reduction was accomplished largely through retirement incentives, so once again your article gives us no "credit" for this reduction.

Whatever the merits of the article's conclusions about the relationship between boards of trustees and faculty organizations, the fact that there have been no formal "layoffs" of faculty in the Los Angeles Community College District should not obscure the more important fact that we have substantially reduced the number of teaching personnel (as well as administrative and staff personnel) in an effort to respond to and cope with the decline in enrollment and an erosion of purchasing power suffered in recent years.

LINDSAY CONNER
Member, Board of Trustees
Los Angeles Community College District

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CAN DUKE RESIST?

HIGHWAY LOBBY REVS UP NEW PUSH FOR GAS TAX HIKE

By DAN WALTERS

Two decades ago, then-Governor Pat Brown caved in to pressure from what was called the "highway lobby" and signed legislation boosting taxes for more highway construction. In a recent interview, Brown recalled that the late state Senator Randolph Collier, known as the "father of the freeways," had pressed him on the issue.

"Randy dominated highways," Brown recalled. "They (the highway lobby) were after it, and Randy wanted to monopolize the glory."

In the early 1970s Ronald Reagan, who loudly professed opposition to new taxes, agreed to extend the sales tax to gasoline and use the revenues to finance mass transit. He had succumbed to pressure from the same transportation lobby, now expanded to include mass transit as well as highways.

In 1982 Pat's son, Jerry, who also had made political hay out of resistance to new taxes, rolled over when confronted by a high-powered drive for more transportation money. Disregarding the advice of his own transportation director, Brown approved a gasoline tax increase to finance more highways.

"You overcame my indifference," Brown told supporters of the tax boost.

The three most immediate past governors all have crumbled when confronted with the well-orchestrated demands for more transportation taxes.

But George Deukmejian may break the pattern. Deukmejian's stubborn opposition stalled a proposed nickel-a-gallon increase in gasoline taxes this year, though his administration's own five-year transportation plan is in some financial jeopardy. Even when approached by his close supporters in the business community, Deukmejian held firm. One delegation headed by industrialist David Packard received a polite but firm "no" from Deukmejian in April.

Ultimately, Deukmejian would agree only to a much more modest increase in state spending for local transit systems and local streets and roads. Officials earmarked additional money coming from new offshore oil royalties for the program, money that would normally flow into the state's general fund for use in a variety of state programs.

But even that $375 million proposal, spread over two years, faced trouble as the Legislature returned to Sacramento in August. Some Democrats, angered by Deukmejian's cuts in spending for the pet programs, were unwilling to commit $250 million — for the first time ever — from the state's general fund to repair roads.

"He wants to cut colleges to spend more on potholes," one disaffected Democrat said.

Democrats, too

Deukmejian's opposition to the nickel-a-gallon tax increase meant that Republican legislators wouldn't agree to it, and the Democrats were not interested in being blamed for a tax increase when election season arrived. As a result, the author of the proposal, Democratic state Senator John Foran of San Francisco, didn't even try to move it out of the Senate Transportation Committee, which he chairs.

Even if a gasoline tax could clear the less-partisan Senate, backers thought it would be doomed in the Assembly without Deukmejian's blessing.

"Unless the governor signs on, we won't be able to get it through the Republicans in the Assembly," one legislative source said. "They are anti-tax, period."

Those who want more highway money have given up the idea of a tax increase, at least until after the 1986 gubernatorial elections. For the moment, they are content to secure

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Dan Walters is a political columnist for The Sacramento Bee.

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a modest boost from the state's general fund.

Foran initially tried to develop a comprehensive solution to the state's transportation-financing woes. His SB290 would have raised state gasoline taxes, now nine cents per gallon, to 14 cents in 1987 and double the fees, based on weight, paid by trucks and other heavy vehicles.

The money, well over a half-billion dollars per year, would be divided three ways:

- Local governments would receive proceeds from three cents of the new tax, some $300 million per year, to take care of what officials say is a worsening backlog of maintenance and construction on local streets and roads.
- The state would receive enough money to cover the $700 million-plus shortfall in its own $13 billion, five-year transportation program. Without the extra cash, highway projects will be postponed starting in 1987.
- Local transit operators would be guaranteed $250 million per year to make up losses from the stagnation in gasoline prices (transit operations receive proceeds from the sales tax on gasoline).

"Not to address this growing transportation crisis this year is not only poor public policy, it is irresponsible," Foran said when he introduced his bill in late January. As Foran moved in the Capitol, the private advocates of more transportation money also cranked up.

Operating through Californians for Better Transportation (CBT), a consortium of labor and business groups, local governments and highway builders, the backers of Foran's bill began beating the drums in local communities for expressions of support, especially newspaper editorials. Those editorials, which are dubious value in ordinary political campaigns, are deemed important in a debate over new taxes because they imply to legislators that they won't face media criticism at home for this tax-hike vote.

"There's a problem out there and we think editorials are an important source of opinion," says Kevin Eckery, executive director of CBT. "They (legislators) are more concerned with not losing votes at home."

The Duke doesn't budge

Dozens of favorable editorials had been printed by late spring, with only a few negative editorial responses. But while they may have improved the atmosphere in the Legislature for Foran's bill, they didn't move Deukmejian.

It was a technique that many of the same groups had used in 1982 to persuade Jerry Brown to sign the Foran-authored legislation that raised gasoline taxes by two cents. At least half of the state's 100-plus daily newspapers had urged enactment of the 1982 Foran bill, arguing that the money was needed to prevent a stall in state highway construction. Robert Deen, a Sacramento public relations executive, identified the 1982 editorial campaign as the key factor in persuading Brown to sign the gas tax bill (see "Editorial impact," *CJ*, January 1984).

Adriana Gianturco, who was Brown's director of transportation and opposed the 1982 increase, also paid tribute to the effectiveness of the editorial campaign. That campaign, Gianturco wrote, focused on the need for money to repair potholes but the money from the new taxes actually was spent largely on new construction rather than maintenance (see "The gas tax," *CJ*, July 1984).

As Gianturco noted, "There is no organized, monied constituency pressing legislators and other elected officials to fill potholes" while business groups and other interests press constantly for new highway construction. Gianturco's assessment of the new drive for gasoline taxes: "The . . . drama is about to be played again. Roads are crumbling and a gas tax increase is desperately needed to save them."

An odd alliance

Oddly, however, Gianturco's assessment of both the politics and the reality of the transportation situation meshes with that of the Deukmejian administration, with which she has little else in common.

Deukmejian came into office in 1983 promising to abolish Gianturco's go-slow approach to highway construction. As one of his first acts, Deukmejian ordered a speed-up in highway construction, using proceeds of the then-new state-gas tax increase and a federal gas-tax boost that took effect simultaneously.

The administration and its transportation director, highway engineer Leo Trombatore, haven't backed away from their pro-construction mode.

But, echoing what Gianturco was saying in 1982, they are contending that California collects enough transportation money and just needs to spend it better. Dana Reed, a deputy secretary of the Business, Transportation and Housing Agency, contended in an interview that the state can take care of its own shortfall without new taxes and that local governments don't need as much as they say they do.

"We are advising cities and counties that they need to set their priorities," Reed said in an interview.

Overall, Reed noted, revenues to state and local governments from transportation sources have expanded sharply, especially the Vehicle License Fund (VLF) that is fueled by registration fees on cars. Local governments' share of those revenues will double over three years by 1986 to $1.3 billion, Reed said, "because people are buying new and more expensive cars."

Local governments should direct VLF funds to solve their admittedly severe street-maintenance problems, Reed said, rather than relying on the state. Also, he said, the administration supports local efforts to raise sales taxes to finance transportation programs. Santa Clara County voters passed such a sales tax override and other urban communities, including Sacramento, are thinking of moving in that direction.

"We have set our priorities and they have to set theirs as well," Reed said, publicly expressing what the administration has been telling gasoline tax advocates privately.

"Cities and counties are going to have to make some hard choices. We are not going to be able to fund it all by ourselves. The motorist is paying an awful lot of money now that isn't being used for streets and roads. "It (vehicle license fee revenues) is going up far faster than the gas tax would ever hope to generate. The taxpayer doesn't care what pot it goes into.

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He just wants the roads fixed."

One possibility, Reed said, is a reshuffling of how transportation-related revenues are divided. They include VLF, gasoline taxes, sales taxes on gasoline, bridge tolls and fines for traffic offenses. "Some pots are empty and some pots are bubbling over," he added.

As for the state's own $700 million-plus shortfall, Reed said, "We would disagree there is a crisis."

About half of the shortfall represents the state's match of federal funds for the much-stalled Metrorail mass-transit project in Los Angeles which may not fly, he said, and the remainder can be handled through more adroit administration and perhaps a one-time injection of state general-fund money.

The latter approached was floated as a trial balloon when Foran's bill faced its first test in his own committee in March.

GOP Senator John Seymour from Anaheim, who is close to the administration, suggested that whatever shortfall there is in transportation be met by a shift from the state's general fund, which has at least a $1 billion surplus. That was the approach that eventually took hold.

"Everyone in this building knows there will be surplus above that," Seymour said.

The administration's approach to the transportation financing issue, not surprisingly, finds little favor among advocates of a gas-tax increase.

"He tells us to shift priorities but what are we supposed to do about the homeless or medical programs or all the other things the state wants us to do," one county government official said privately.

The governor's stance — having counties rely on the VLF increase or passing their own tax increase — is only a ploy, a "political solution" that allows him to say he's not ignoring the plight of cities and counties, but does nothing to take care of the deterioration of local streets and roads, the official said. The fact is, counties use their vehicle license fees to support general county government, precisely the reason they were given this tax source in the first place, and with one exception, local tax increase proposals for transportation projects have done poorly at the polls.

"As I see it, the longer we delay the further behind we get," Foran said in an interview. "He (Deukmejian) is going to have to face it, and if he doesn't face it now, he'll have to face it in his second term."

Backers of the gasoline tax increase believe they may have a better chance with Deukmejian after next year's elections.

Although the administration appears adamantly against a tax increase to help counties and cities solve road problems, they might be more receptive to the increase if it is needed to meet the state's own ambitious road-building program.

In the past, Deukmejian has taken policy stands on some issues and refused to budge, ending discussion of a proposal at least during his term in office. Highway lobbyists hope this isn't one of those cases. They now know Deukmejian wants to get through his first term without a major tax increase and would like to avoid one in his second term as well. They are hoping his opposition, in the long run, turns out to be more political than philosophical.

Politically, Foran says he is caught in a Catch-22 situation.

"I don't think the governor will change his position until he sees some movement, and he won't see movement until he changes his position," Foran said, terming Deukmejian's opposition "the biggest problem."

During a spring news conference, Deukmejian strongly indicated that he wasn't going to budge. He reiterated his advice to local governments to reorder their local priorities if they want to spend more on roads. And if that isn't enough, he said, they should consider sales-tax overrides such as the one in Santa Clara.

Deukmejian's public posture on the issue was repeated in private, knowledgable sources said, when delegations of state business leaders approached him in March and April about support for the Foran bill.

"They didn't get anywhere," one source said.

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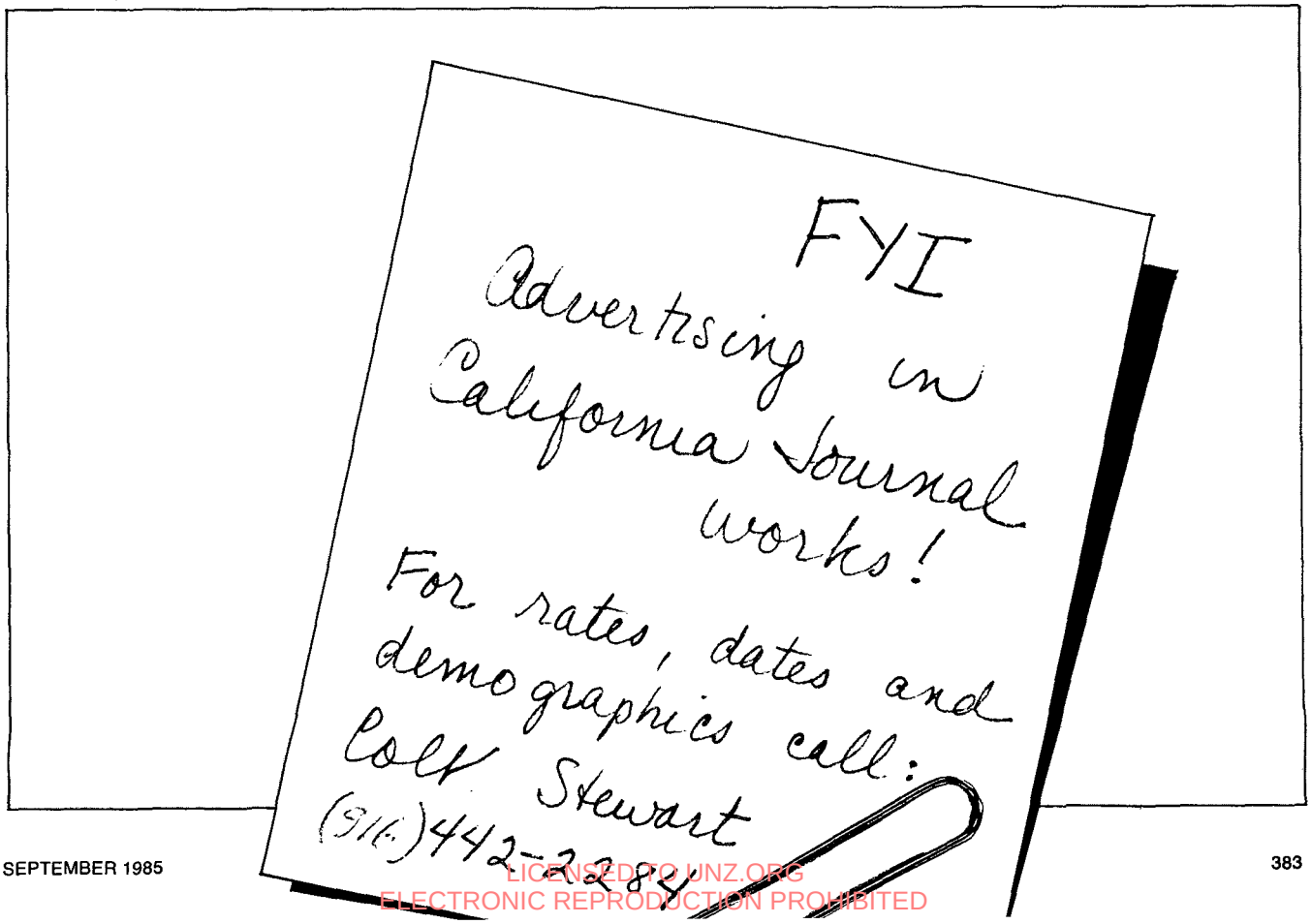

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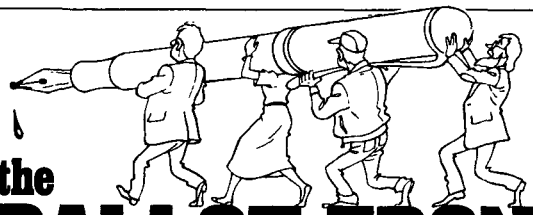

the BALLOT FRONT

A roundup of statewide initiative proposals. All statutes require 393,835 valid signatures; constitutional amendments require 630,136. In parentheses is the deadline for sponsors to submit signatures to county clerks, and the issue of California Journal *that contains a full explanation of each measure.*

New in circulation:

PUBLIC FUNDED ABORTIONS — an initiative constitutional amendment, sponsored by Renate Penny and Muriel Brown from the Institute for Child Care Studies of Sacramento, which would prohibit using public funds for medically-induced abortions except to "prevent the pregnant mother's imminent death" and only after every effort has been taken to save the fetus. The measure would also require the Legislature to appropriate funds equal to the average cost to the state for all abortions during the preceding three years. This money would provide health care for unborn, premature, disabled and handicapped children. (December 19th)

INJURY AWARDS — an initiative constitutional amendment, sponsored by David Sabih of Pacific Grove, that prevents the Legislature from enacting any law limiting damage awards resulting from a lawsuit. (December 19th)

REAPPORTIONMENT — an initiative constitutional amendment, sponsored by Republican Assemblyman Don Sebastiani of Sonoma, that allows voters to set boundaries for legislative, congressional and Board of Equalization districts by statuatory initiative. It also provides that, for the election following passage of this measure, all state Senate districts be composed of two Assembly districts. (December 23rd)

REAPPORTIONMENT OF DISTRICTS — an initiative statute, also sponsored by Sebastiani, that repeals existing statutes setting boundaries for Assembly, Senate and congressional districts and sets new boundary lines for these districts. (December 23rd)

Continuing in circulation:

DENTURIST LICENSURE ACT — an initiative statute, sponsored by Darryl L. Allison of Alhambra. (September 30th, July 1985)

MOTOR VEHICLE INSURANCE — an initiative constitutional amendment, sponsored by Manual D. Talley of Los Angeles. (September 30th, July 1985)

ANTI-APARTHEID POLICY — an initiative statute, sponsored by Jules S. Barnaris III of The American Roundtable of Sacramento. (November 14th, August 1985)

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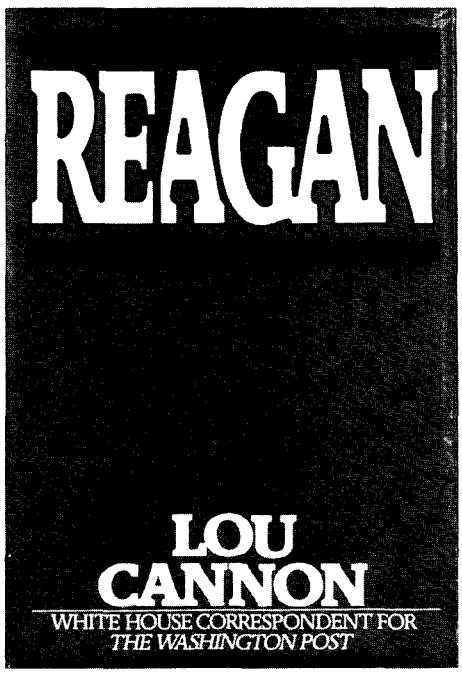

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(A review of top stories during the past 30 days)

LAFFER IN U.S. SENATE RACE

(July 17th): The inventor of the taxation theory espoused by President Ronald Reagan — economist Arthur Laffer of Los Angeles — became the third Republican to seek the GOP nomination for U.S. Senate in 1986. The 44-year-old Laffer joins state Senator Ed Davis of Chatsworth and Assemblyman Robert Naylor of Menlo Park as formally announced challengers to incumbent Alan Cranston. During a press conference, Laffer said he was forced to declare his candidacy early because his campaign organization had raised too much money ($200,000) to qualify as an exploratory committee.

WORKFARE PLAN UNVEILED

(July 17th): A plan to require qualified welfare recipients to work, receive job training or attend school was unveiled in the Legislature. The hybrid of past "workfare" proposals was crafted by a bipartisan coalition that included liberal Democracts and Governor George Deukmejian. If enacted, it would be the first significant welfare reform since 1971, when Ronald Reagan was governor. According to proponents, the state is expected to save $136 million per year over current spending levels.

ALRB CHIEF CONFIRMED

(July 18th): By a vote of 29-1, the state Senate confirmed Jyrl James-Massengale as head of the Agricultural Labor Relations Board. She is the first black and first woman to serve on the board. Liberal Democrat Nicholas Petris of Oakland cast the only negative vote, although eight others — including Senate President pro Tempore David Roberti — abstained because prior to her appointment, James-Massengale worked for a law firm that represented growers before the ALRB.

EX-LOBBYIST ON SENATE PAYROLL

(July 30th): David Commons, a 71-year-old former lobbyist, has gone on the state payroll as a $4902-per-month consultant to Democratic Senator Al Alquist of San Jose. Commons caused a stir earlier this year when it was learned that he had been given free use of a Senate office while serving as a "political consultant" to American Medical International of Beverly Hills. He was ousted from that office by Senate pro Tem David Roberti after Commons' special status was aired in various newspaper reports. His new job was approved during a closed-door meeting of the Senate Rules Committee, chaired by Roberti.

CAMPAIGN KITTIES GROW

(August 1st): Senator Alan Cranston and Supreme Court Chief Justice Rose Bird have already collected substantial campaign contributions as each heads toward a difficult election in 1986, according to mid-year contribution statements filed with the state. Bird, who faces a confirmation vote in November, has amassed $450,000, although her opponents have already spent close to $1 million. Cranston has raised $1.5 million, far more than any of his potential Republican challengers. Governor George Deukmejian leads the list of fund-raisers with $2.8 million.

COURT FINALISTS ANNOUNCED

(August 3rd): Governor George Deukmejian announced six finalists to fill a state Supreme Court seat being vacated this October by Justice Otto Kaus. The six are: John A. Arguelles (Democrat), appellate court justice from Los Angeles; Hollis G. Best (Republican), appellate justice from Fresno; Marcus M. Kaufman (Republican), appellate justice from San Bernardino; Edward A. Panelli (non-partisan), appellate justice from San Jose; Pamela A. Rymer (Republican), a federal District Court judge from the central district; and James B. Scott (Republican), appellate court justice from San Francisco. The governor, who made the announcement during a taped radio address, said he would submit the names to the State Bar Association for evaluation, then submit his final choice to the Commission on Judicial Performance, which must approve the nomination.

GEORGE REILLY DIES AT 82

(August 6th): George Reilly, whose 44 years on the state Board of Equalization is the longest tenure of any elected state official, died after a lengthy illness. Reilly, first elected in 1938 during the administration of former Governor Culbert Olsen, retired from the tax agency in July 1982. A Democrat, he was an unsuccessful candidate for mayor of San Francisco in 1943 and 1955 and served as vice-chairman of President Harry Truman's 1948 reelection campaign.

COMPARABLE WORTH URGED

(August 6th): Following 15 months of study, a state task force recommended passage of a law that would require all public and private employers in California to pay women and men the same wages for jobs of equal value — a so-called "comparable worth" law. The three Deukmejian appointees to the 11-member task force boycotted the meeting, saying there is no method for determining the comparable worth of totally different jobs. (The other eight members were appointed by Assembly Speaker Willie Brown, 3; Senate Rules, 3; and the Commission on the Status of Women, 2.) The panel reported that studies continue to show that jobs performed mostly by women are paid 20 percent less than male-dominated jobs.

EMBARRASSING CHECK RETURNED

(August 8th): State GOP officials returned a $10,000 contribution to Dr. Edward Allred after it was learned that Allred owns Family Planning Associates Medical Group — a statewide chain of 28 abortion clinics. His contribution had been in support of an August 22nd dinner in Los Angeles honoring President Ronald Reagan, an avowed opponent of abortion. The size of the check had made Allred a co-chair for the "Salute to the President."

DAs DROP ANTI-BIRD STAND

(August 13th): Concerned over losing its tax-exempt status, the California District Attorneys Association decided to cut off its campaign to defeat Supreme Court Chief Justice Rose Bird and two of her liberal colleagues next November. The association made the move because tax-exempt organizations are not supposed to engage in political campaigns, according to an association spokesman. To get around the problem, several of the more vocal anti-Bird DAs have formed another group — Prosecutors Working Group — to carry on the fight.

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ROB 'EM; SUE 'EM

IF A BURGLAR DOESN'T GET YOUR GOODS MAYBE HIS LAWYER CAN

By JONATHAN L. KIRSCH

Whether it started out as a prank or a crime, the alleged attempt of a Redding teenager to take floodlights from atop a local high school gymnasium ended in tragedy. After lowering one light to cohorts on the ground, the young man reportedly walked across the roof for another. But along the way he failed to notice a painted-over skylight and plunged through it to the gymnasium floor below. Left a paraplegic by the fall, the youngster sued the school district for maintaining a dangerous condition on its property. The case was settled without trial early this year, with the injured teen receiving a lump-sum payment of $260,000 plus $1200 a month for life.

Twenty years ago that "trespassing teenager" would not have been able to sue anyone. But in 1968 the California Supreme Court issued a landmark decision that allowed him — and others like him — to sue for injuries sustained while illegally on private property (*Rowland v. Christian, 69 Cal. 2nd 198*). That decision has always rankled some lawmakers — Why should a criminal be able to profit from his crime? — and the Redding case and others like it have fueled recent legislative efforts to circumvent or modify *Rowland*.

Before 1968 anyone entering private property fell into one of three categories: trespasser, social guest or business invitee. Under common-law principles in effect at that time, trespassers and social guests could only sue a land owner for wanton and willful injury — not for accidents that may have resulted from a land owner's negligence.

Jonathan Kirsch is an attorney from Beverly Hills.

Under *Rowland*, however, it no longer mattered how a person came to be on private property. What mattered, according to the Court, was whether a property owner acted reasonably to prevent injury to *any* potential visitor. Thus Redding's "trespassing teenager" had as much right to sue as, say, a roofer who might have fallen through the skylight during the course of his work. *Rowland* did not say the land owner was liable; it merely guaranteed an injured party his or her day in court.

To Assemblyman Alister McAlister of San Jose, the Redding case is an outrage. "A thief, a cattle-rustler or other felon who is injured in the course of his felony should not be allowed by the law to add still more injury to insult," McAlister argues. To back his words, the San Jose Democrat has authored several bills in recent years to restore some of the old immunities once enjoyed by property owners.

But to the California Trial Lawyers Association, which opposes McAlister's efforts, the Redding case is an example of how the judicial system is supposed to work. "The kid wasn't a burglar — he was a teenager involved in a prank, and now he's a paraplegic," says Gary Johnson, chairman of the CTLA's Legislative Subcommittee on Premises Liability.

The Redding case may not be quite the outrage that

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McAlister paints it to be, for the school district knew about the danger posed by its skylight. Only a year earlier a graduation-night reveler was killed after crashing through a similar skylight on the roof of another school building. What's more, the Redding teenager was never charged with a crime, possibly because he was still in a coma when the district attorney brought charges against his cohorts. When the school district and its attorney sized up the case, they decided to settle out of court for fear a jury might award a much larger sum.

Still, McAlister and his allies — the California Farm Bureau Federation and a group of grassroots activists known as the Alliance of California Taxpayers and Independent Voters (ACTIVE) — have exploited the Redding case to revive legislative efforts to undo *Rowland*. Their vehicle this session is AB200. McAlister's previous attempts met little success. In 1979, for instance, a bill to overturn *Rowland* made it through the Legislature only to be vetoed by then-Governor Jerry Brown. Until this year, that was the high-water mark as two subsequent bills failed to survive the Assembly Judiciary Committee.

This time McAlister has lined up a long list of supporters, mostly those with a strong economic self-interest in reducing the liability of property owners: State Farm Insurance Companies, Association of Defense Counsel, Association for California Tort Reform, several cities, counties and public agencies, and the farm bureau. Plus he's received a great deal of editorial support from newspapers around the state, including this from the *San Francisco Chronicle:* "We do not think that a burglar should be able to sue a householder if he breaks his leg going down the front steps with the family piano."

In addition to the CTLA, opponents include the American Civil Liberties Union, which considers the right to sue for damages a property right that McAlister's efforts would strip away, and the United Farm Workers, which looks out for the interests of labor organizers and pickets who might be injured while on farm or ranch property.

The trial lawyers carry the leading role, however. Well-funded and politically potent, the CTLA represents the interests of personal-injury attorneys. It is especially well-connected inside the Assembly Judiciary Committee where it has been more than generous in doling out campaign contributions. For instance, McAlister's supporters say that the CTLA contributed $91,000 to current members of that committee during the past two years, more than 10 times what the farm bureau paid out. Committee Chairman Elihu Harris, a Democrat from Oakland, received nearly $20,000 in contributions between 1982 and 1984, according to records provided by the Fair Political Practices Commission. And that doesn't even count the $124,753 contributed in 1983-84 to Assembly Speaker Willie Brown, the man who happens to assign members to the Judiciary Committee.

"They are a considerable lobbying force with a lot of friends on the Judiciary Committee," says McAlister. "If it wasn't for their opposition, I would have passed it years ago."

But in the wake of the Redding case and the wave of editorial indignation prompted by the settlement, McAlister had better luck this year: He at least got AB200 out of the Assembly. It was a severely-amended bill, but a bill nonetheless.

Originally, McAlister wanted AB200 to prevent anyone committing a felony from suing for damages. No conviction was required, and a civil court would determine whether the injured party had actually committed the felony. That provision seemed to run afoul of due-process guarantees in both the state and federal constitutions, however, and was amended out. In the new version, only those convicted of a felony or of a felony plea-bargained down to a misdemeanor would be prevented from suing. As such, the bill doesn't completely negate *Rowland*, merely modifies it.

Meanwhile a rival bill (AB300), authored by Chairman Harris of Assembly Judiciary, requires a felony conviction only (no misdemeanors), something McAlister characterizes as "meaningless." Those convicted of misdemeanors are still illegally on private property, he says, and the law shouldn't pamper wrong-doers. And, he adds, there are far more misdemeanor convictions than felony convictions.

Although McAlister thinks Harris' bill muddies the water, it may be the only one that survives. With CTLA support, it breezed through the Assembly (79-0) and was expected to easily pass the Senate, while McAlister was having difficulty rounding up the six votes needed to get AB200 out of the Senate Judiciary Committee.

McAlister blames the CTLA for this fate. "They're everywhere," he says of the CTLA. "They never give up."

McAlister seems miffed at both Harris' bill and at the fact that the trial lawyers still opposed AB200 even after it had been amended. "I would like to reverse *Rowland v. Christian*," he admits, "but sometimes you have to accept much less than you want in order to get anything at all." Even if his bill survives and is signed into law by Governor George Deukmejian, McAlister fears that many property owners would still be vulnerable to lawsuits because immunity from prosecution is available only after a felony or misdemeanor conviction. Thus only the most freakish cases would come under the scope of the law. Still fewer cases — none, McAlister insists — will arise if Harris' bill becomes the law.

The irony is that under either bill the "trespassing teenager" from Redding would still be able to bring his law suit and collect his settlement.

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ROLL CALL

ASSEMBLY

MUSEUM OF TOLERANCE

SB 337 (Roberti). Provides $5 million grant to the Simon Wiesenthal Center of Los Angeles to build a Museum of Tolerance to educate the public about the Nazi holocaust, the Armenian genocide, racial segregation, and the attitudes of bigotry, intolerance, aggression and anti-semitism. Supporters say the loan is needed to start construction of the $35 million museum. Opponents object to the use of state seed money. Passed July 18th, 58-7.

DEMOCRATS FOR: Agnos, Alatorre, Bane, Bronzan, Willie Brown, Calderon, Campbell, Chacon, Clute, Cortese, Costa, Davis, Duffy, Elder, Farr, Hannigan, Harris, Hauser, Hayden, Hughes, Isenberg, Johnston, Katz, Killea, Klehs, Margolin, McAlister, Molina, Moore, O'Connell, Papan, Peace, Robinson, Roos, Sher, Tanner, Tucker, Vicencia, Maxine Waters, Norman Waters.

REPUBLICANS FOR: Bader, Baker, Felando, Filante, Herger, Johnson, Jones, Kelley, Konnyu, Lancaster, Leonard, McClintock. Nolan, Sebastiani, Statham, Stirling, Wright, Wyman.

DEMOCRATS AGAINST: None.

REPUBLICANS AGAINST: Bradley, Dennis Brown, Ferguson, La Follette, Lewis, Mountjoy, Seastrand.

HAZARDOUS MATERIALS

AB 2185 (Maxine Waters). Requires hazardous-materials-release emergency response plans to be established for business and communities where hazardous materials are handled. Sponsors argue that it is necessary for the protection of the public's health and safety to have such plans in place. Opponents object to the disclosure of trade secret components of hazardous materials and question need for emergency response plans. Passed July 18th, 54-17.

DEMOCRATS FOR: Agnos, Alatorre, Bane, Bates, Bronzan, Willie Brown, Calderon, Campbell, Chacon, Clute, Cortese, Costa, Davis, Duffy, Elder, Farr, Floyd, Hannigan, Harris, Hauser, Hayden, Hughes, Isenberg, Johnston, Katz, Killea, Klehs, Margolin, McAlister, Molina, Moore, O'Connell, Papan, Peace, Robinson, Roos, Sher, Tanner, Tucker, Vasconcellos, Vicencia, Maxine Waters.

REPUBLICANS FOR: Bader, Baker, Felando, Filante, Johnson, Konnyu, La Follette, Leonard, Mojonnier, Nolan, Statham, Stirling.

DEMOCRATS AGAINST: Norman Waters.

REPUBLICANS AGAINST: Dennis Brown, Frazee, Frizzelle, Grisham, Herger, Hill, Jones, Kelley, Lancaster, McClintock, Mountjoy, Rogers, Seastrand, Sebastiani, Wright, Wyman.

LIQUOR VENDING MACHINES

SB 954 (Dills). Permits hotels and motels to sell alcoholic beverages to guests through liquor vending machines located in guest rooms. The hotel and motel industry contends such a service will make their facilities more attractive and may prevent drinking guests from driving. Opponents argue that a machine wouldn't be able to tell when a person has had too much to drink. Passed July 15th, 61-11.

DEMOCRATS FOR: Agnos, Bronzan, Willie Brown, Campbell, Chacon, Clute, Connelly, Cortese, Costa, Davis, Duffy, Eaves, Elder, Farr, Floyd, Hannigan, Harris, Hauser, Hughes, Isenberg, Johnston, Katz, Killea, Klehs, Margolin, Molina, O'Connell, Robinson, Roos, Sher, Tanner, Tucker, Vasconcellos, Vicencia, Maxine Waters, Norman Waters.

REPUBLICANS FOR: Allen, Bader, Bradley, Dennis Brown, Felando, Ferguson, Filante, Frazee, Frizzelle, Grisham, Hill, Johnson, Jones, Kelley, Leonard, Lewis, McClintock, Mojonnier, Naylor, Nolan, Rogers, Sebastiani, Statham, Wright, Wyman.

DEMOCRATS AGAINST: Bane, Condit, McAlister, Peace.

REPUBLICANS AGAINST: Baker, Herger, Konnyu, La Follette, Lancaster, Mountjoy, Seastrand.

BALLOT MEASURES

SB 92 (Lockyer). Requires Legislative Analyst to submit analyses of state ballot measures to a five-person review committee to insure that such analyses are easily understandable to voters. Sponsors say a public review panel would insure that measures are understandable to the average voter. Opponents dispute the need for doing so. Passed July 15th, 41-32.

DEMOCRATS FOR: Agnos, Bane, Bates, Bronzan, Willie Brown, Campbell, Chacon, Clute, Condit, Connelly, Cortese, Costa, Davis, Duffy, Eaves, Elder, Farr, Floyd, Hannigan, Harris, Hauser, Hayden, Hughes, Isenberg, Johnston, Katz, Killea, Klehs, Margolin, McAlister, Molina, O'Connell, Peace, Robinson, Roos, Sher, Tanner, Tucker, Vicencia, Maxine Waters, Norman Waters.

REPUBLICANS FOR: None.

DEMOCRATS AGAINST: None.

REPUBLICANS AGAINST: Allen, Bader, Baker, Bradley, Dennis Brown, Felando, Ferguson, Filante, Frazee, Frizzelle, Grisham, Herger, Hill, Johnson, Jones, Kelley, Konnyu, La Follette, Lancaster, Leonard, Lewis, McClintock, Mojonnier, Mountjoy, Naylor, Nolan, Rogers, Seastrand, Sebastiani, Statham, Wright, Wyman.

STATE PRISON

AB 2547 (Molina). Prohibits state from building a prison in Los Angeles County within 10 miles of existing correctional facilities. Author points to the existence of four county jail facilities with up to 11,131 inmates and a federal facility within five miles of the proposed prison site. The state wants to build a prison in the county because the county contributes approximately one-third of all inmates committed to the state prison system. Passed June 27, 42-29.

DEMOCRATS FOR: Agnos, Alatorre, Areias, Bane, Bates, Willie Brown, Calderon, Campbell, Chacon, Clute, Condit, Connelly, Cortese, Costa, Davis, Duffy, Eaves, Farr, Floyd, Hannigan, Harris, Hauser, Hayden, Hughes, Isenberg, Johnston, Katz, Killea, Klehs, Margolin, Molina, Moore, O'Connell, Papan, Peace, Roos, Tanner, Tucker, Vasconcellos, Vicencia, Maxine Waters.

REPUBLICANS FOR: Grisham.

DEMOCRATS AGAINST: McAlister, Robinson, Norman Waters.

REPUBLICANS AGAINST: Allen, Bader, Baker, Bradley, Dennis Brown, Felando, Filante, Frazee, Frizzelle, Herger, Jones, Kelley, La Follette, Lancaster, Leonard, McClintock, Mojonnier, Mountjoy, Naylor, Nolan, Rogers, Seastrand, Sebastiani, Stirling, Wright, Wyman.

MOUNTAIN LIONS

AB 947 (Norman Waters). Designates the mountain lion as a game animal and authorizes sport hunting of them. Supporters state the number of mountain lion attacks on livestock and deer has increased dramatically since a hunting moratorium was imposed in 1972. Opponents argue that there are other ways to deal with depredation problems and that the bill will reduce mountain lion populations significantly. Passed June 24, 45-27.

DEMOCRATS FOR: Areias, Willie Brown, Chacon, Condit, Cortese, Duffy, Eaves, Hauser, McAlister, Robinson, Roos, Tucker, Vicencia, Maxine Waters, Norman Waters.

REPUBLICANS FOR: Allen, Bader, Bradley, Dennis Brown, Felando, Ferguson, Frazee, Frizzelle, Grisham, Herger, Hill, Johnson, Jones, Kelley, Konnyu, Lancaster, Leonard, Lewis, McClintock, Mojonnier, Mountjoy, Naylor, Nolan, Rogers, Seastrand, Sebastiani, Statham, Stirling, Wright, Wyman.

DEMOCRATS AGAINST: Agnos, Alatorre, Bane, Bates, Campbell, Clute, Connelly, Costa, Davis, Elder, Farr, Floyd, Hannigan, Harris, Hayden, Hughes, Isenberg, Katz, Killea, Klehs, Margolin, Molina, O'Connell, Sher, Tanner.

REPUBLICANS AGAINST: Filante.

PRISON LABOR

AB 1599 (Calderon). Prohibits state from using prison inmates to perform certain jobs if such action would displace state civil service employees. The California State Employees Association points to a similar limitation on the use of outside contractors. Opponents contend that the state Constitution provides that convicts

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may be employed for the benefit of the state. Passed June 25, 46-29.

DEMOCRATS FOR: Agnos, Alatorre, Areias, Bane, Bates, Bronzan, Willie Brown, Calderon, Campbell, Chacon, Clute, Condit, Connelly, Cortese, Costa, Davis, Duffy, Eaves, Farr, Floyd, Hannigan, Harris, Hauser, Hayden, Isenberg, Johnston, Katz, Killea, Klehs, Margolin, McAlister, Moore, O'Connell, Peace, Robinson, Roos, Sher, Tanner, Tucker, Vicencia, Maxine Waters, Norman Waters.

REPUBLICANS FOR: Grisham, Hill, Mojonnier, Stirling.

DEMOCRATS AGAINST: Vasconcellos.

REPUBLICANS AGAINST: Allen, Bader, Baker, Bradley, Dennis Brown, Felando, Ferguson, Filante, Frazee, Frizzelle, Herger, Johnson, Jones, Kelley, Konnyu, La Follette, Lancaster, Leonard, Lewis, McClintock, Mountjoy, Nolan, Rogers, Seastrand, Sebastiani, Statham, Wright, Wyman.

SENATE

CREDIT CARDS

SB 848 (Rosenthal). Provides that no retailer may impose a surcharge on a credit card holder who uses a credit card in a sales transaction instead of paying by cash. Proponents argue that it is unfair to charge a credit customer more than a cash customer, and that retailers can offer discounts for cash instead. Opponents say it costs retailers more to process credit transactions than cash transactions. Passed July 18th, 23-11.

DEMOCRATS FOR: Alquist, Boatwright, Carpenter, Deddeh, Dills, Foran, Garamendi, Leroy Greene, Keene, Lockyer, McCorquodale, Montoya, Roberti, Rosenthal, Stiern, Torres, Vuich, Watson.

REPUBLICANS FOR: Beverly, Craven, Davis, Maddy, Marks.

DEMOCRATS AGAINST: Hart, Petris, Presley.

REPUBLICANS AGAINST: Bergeson, Campbell, Doolittle, Ellis, Morgan, Richardson, Russell, Seymour.

SEAT BELTS

AB 27 (Willie Brown). Makes the use of seat belts in passenger vehicles mandatory and requires all cars sold in California after 1989 to have either airbags or automatic restraints. Supporters say that federal law requires cars to be equipped with automatic restraints unless a sufficient number of states enact mandatory seat belt laws. Some opponents do not agree that seat belts save lives, while other are against airbags. Passed July 18th, 23-7.

DEMOCRATS FOR: Boatwright, Carpenter, Deddeh, Dills, Foran, Garamendi, Bill Greene, Hart, Keene, Lockyer, McCorquodale, Mello, Presley, Robbins, Roberti, Rosenthal, Torres, Vuich, Watson.

REPUBLICANS FOR: Craven, Maddy, Marks, Morgan.

DEMOCRATS AGAINST: Alquist.

REPUBLICANS AGAINST: Davis, Doolittle, Nielsen, Royce, Russell, Seymour.

BILLBOARDS

AB 943 (Papan). Expands the trypes of situations in which compensation shall be paid to billboard owners when billboards are ordered removed by governmental entities. Currently, there are between 300 and 400 non-conforming billboards which are adjacent to landscaped freeways. There are being removed only when the underlying property is developed for other uses. Smaller billboard companies contend the bill allows non-conforming billboards owned by the larger companies to be preserved forever. Passed July 18th, 21-13.

DEMOCRATS FOR: Alquist, Boatwright, Carpenter, Dills, Foran, Mello, Robbins, Roberti, Torres, Vuich.

REPUBLICANS FOR: Beverly, Campbell, Craven, Doolittle, Ellis, Maddy, Marks, Nielsen, Royce, Russell, Seymour.

DEMOCRATS AGAINST: Deddeh, Garamendi, Leroy Greene, Hart, Keene, Lockyer, McCorquodale, Petris, Presley, Rosenthal.

REPUBLICANS AGAINST: Bergeson, Davis, Morgan.

INJURED WORKERS

SB 1273 (Lockyer). Increases weekly benefits to injured workers under the state workers' compensation program and increases death benefits. Organized labor and employee organizations argue that benefit increases are needed to keep pace with inflation. Employers and business historically oppose such increases. Passed July 11th, 21-12.

DEMOCRATS FOR: Alquist, Ayala, Carpenter, Deddeh, Foran, Garamendi, Leroy Greene, Hart, Keene, Lockyer, McCorquodale, Mello, Petris, Presley, Robbins, Robert, Rosenthal, Stiern, Torres, Watson.

REPUBLICANS FOR: Marks.

DEMOCRATS AGAINST: Vuich.

REPUBLICANS AGAINST: Bergeson, Campbell, Craven, Davis, Doolittle, Ellis, Morgan, Nielsen, Royce, Russell, Seymour.

INDIRECT INITIATIVE

SB 1200 (Hart). Authorizes the use of the indirect initiative process in California whereby citizens may submit ballot initiative proposals to Legislature after collecting signatures to qualify measures for ballot. The League of Women Voters says the indirect initiative will reduce special interest influence and excessive spending on ballot campaigns. Opponents do not agree that proposals should be submitted to the Legislature. Passed June 27, 22-11.

DEMOCRATS FOR: Alquist, Carpenter, Deddeh, Dills, Foran, Garamendi, Leroy Greene, Hart, Keene, Lockyer, McCorquodale, Mello, Petris, Rosenthal, Stiern, Torres, Vuich, Watson.

REPUBLICANS FOR: Beverly, Craven, Maddy, Morgan.

DEMOCRATS AGAINST: Montoya, Presley.

REPUBLICANS AGAINST: Bergeson, Campbell, Davis, Doolittle, Ellis, Marks, Royce, Russell, Seymour.

SELENIUM

SB 318 (Marks). Would halt the discharge of any water from the selenium contaminated Kesterson Reservoir in Merced County into the Sacramento-San Joaquin Delta, San Francisco Bay, Morro Bay, San Pablo Bay, Suisun Bay, or the Carquinez Strait until such water is safe. Sponsors contend such action is necessary to protect public health and safety and prevent contaminated crops. Critics say studies of selenium levels in the area are inconclusive. Failed June 27, 18-18.

DEMOCRATS FOR: Alquist, Boatwright, Carpenter, Foran, Leroy Greene, Hart, Keene, Lockyer, Mello, Petris, Presley, Robbins, Roberti, Rosenthal, Torres, Watson.

REPUBLICANS FOR: Marks, Morgan.

DEMOCRATS AGAINST: Deddeh, Dills, Garamendi, McCorquodale, Montoya, Stiern, Vuich.

REPUBLICANS AGAINST: Bergeson, Beverly, Campbell, Craven, Davis, Doolittle, Ellis, Maddy, Royce, Russell, Seymour.

VETO OVERRIDES

TOXIC WASTE

SB 150 (Alquist). Attempt to override governor's budget veto of $8.85 million in additional funds for toxic waste and underground storage tank cleanup. Supporters contend more money is needed for these programs. Opponents believe the budget appropriation as approved by the governor is sufficient. Failed July 15th, 23-15.

DEMOCRATS FOR: Alquist, Ayala, Carpenter, Deddeh, Dills, Foran, Garamendi, Bill Greene, Leroy Greene, Hart, Keene, Lockyer, McCorquodale, Mello, Montoya, Petris, Robbins, Roberti, Rosenthal, Stiern, Torres, Vuich, Watson.

REPUBLICANS FOR: None.

DEMOCRATS AGAINST: Presley.

REPUBLICANS AGAINST: Bergeson, Beverly, Campbell, Craven, Davis, Doolittle, Ellis, Maddy, Morgan, Nielsen, Richardson, Royce, Russell, Seymour.

HEALTH PROGRAMS

SB 150 (Alquist). Attempt to override governor's budget veto of additional funds for cancer registries, birth defect monitoring, and AIDS programs. Supporters contend more money is needed for these programs. Opponents believe the budget appropriation as approved by the governor is sufficient. Failed July 15th, 23-15.

DEMOCRATS FOR: Alquist, Ayala, Carpenter, Deddeh, Dills, Foran, Garamendi, Bill Greene, Leroy Greene, Hart, Keene, Lockyer, McCorquodale, Mello, Montoya, Petris, Presley, Robbins, Roberti, Rosenthal, Stiern, Torres, Vuich, Watson.

REPUBLICANS FOR: Marks.

DEMOCRATS AGAINST: None.

REPUBLICANS AGAINST: Bergeson, Beverly, Campbell, Craven, Doolittle, Ellis, Maddy, Morgan, Nielsen. Richardson, Royce, Russell, Seymour.

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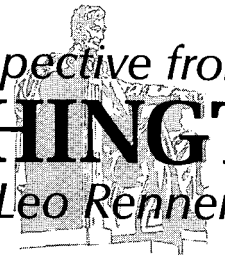

Perspective from WASHINGTON

By Leo Rennert

The end of the Watt legacy

A bitter four-year fight between California and the Reagan administration over off-shore oil drilling is ending. After extensive negotiations, Interior Secretary Donald Hodel reached a provisional agreement with key members of the state's congressional delegation to allow production in a few limited areas in exchange for long-term protection of the most scenic coastal stretches. If the deal sticks, Congress is set to lift a ban that kept the oil industry out of federal waters off the biggest part of California's coastline since 1981. The industry, which charges that Hodel caved in to environmentalists, has mounted a major pressure campaign to get him to change his mind. But the betting on Capitol Hill is that, except for some minor adjustments, he will hold fast. One thing already is certain: It could never have happened during the controversial reign of Hodel's former boss, James Watt, who started all the fuss and kept the feud going at a high decibel level during President Reagan's first term.

WATT WAS OPENLY CONTEMPTUOUS of environmentalists and relished confrontation. He had bold visions for development and set out to open virtually all of California's coast to off-shore drilling. Never mind that his policies stirred bipartisan opposition in the state and that he jeopardized the political fortunes of Republican candidates with conservation-minded constituents. Watt just barreled ahead and handed a perfect issue to Democrats, who gleefully positioned themselves as stalwart protectors of the coast against the new barbarians in Washington. Jerry Brown, heading for a political exit after two stormy terms as governor, saw Watt as a potential savior. As long as Watt obliged, Brown never ran out of someone in Washington to kick around. It was all great political theater. Except that it produced grief for the White House, beset by unhappy Republicans tied to an unpopular issue and a congressional drilling ban that put Watt and the industry in a strait-jacket.

Watt's immediate successor, William P. Clark, a Californian with better environmental credentials, tried to calm the waters. But fears of widespread desecration of the coast, engendered by Watt, still cast a long shadow. It was only after Hodel took over the reins at Interior that the situation began to change. Quietly and patiently, he overcame the Watt legacy and began serious talks with California lawmakers. Each side soon realized that it had much to lose if an agreement could not be reached. With Watt's ominous presence out of the way, the mood in Congress turned against annual renewal of the California drilling ban. Lawmakers from other states saw a lesser need to grant special protection to California. For his part, Hodel knew he could get rid of the ban only if he provided reasonable assurances that he would not overreach in opening off-shore tracts to drilling. While each side bluffed about having superior muscle on Capitol Hill, nobody could be sure who would prevail in a legislative shootout. The time was right for a deal.

The agreement, hammered out principally between Hodel and Democratic Congressman Leon Panetta of Monterey, opened 150 off-shore tracts to oil exploration — about 2 percent of the area covered by the anti-Watt congressional ban. Most of the tracts are in the Eel River basin off Humboldt County. Others are in the Santa Maria basin near Santa Barbara and off Santa Monica, Oceanside, Newport Beach and Long Beach. Oil firms also would be allowed to sink exploratory wells in the Santa Cruz basin and off Mendocino and Bodega Bay. Each of the three test wells would be at least 18 miles offshore. In exchange, Hodel agreed to protect much of the rest of California's coast until the year 2000, including scenic areas like Big Sur, Point Reyes and Mendocino. Democratic Congressman Doug Bosco of Occidental, whose district would bear the brunt of the new off-shore drilling, accepted the deal as a boon to Humboldt's depressed timber economy. The agreement also was endorsed by California's two senators — Democrat Alan Cranston and Republican Pete Wilson — as a responsible balancing of environmental concerns and energy development requirements.

Wilson, who participated in the final negotiations, called the compromise "the best that can be done to provide as much protection as possible under the current political circumstances." Said Panetta: "We have achieved protection for at least the remainder of this century for the most sensitive areas of the California coast." Environmental groups generally expressed support, although there was concern on some specific points. "We think this is really the framework for a long-term solution," said Andrew Palmer of the Environmental Policy Institute. "The delegation pulled California out of the fire with this agreement."

But not everybody was happy. There were protests along the north coast that visitors to Redwood National Park would see oil rigs three miles off-shore. The oil industry said Hodel should have struck a deal tilted more toward development and sharply criticized him for not getting more concessions from the California side. "The implications for the future are particularly grave since oil consumption is up, imports have reached about the same proportions as 1973 and proven domestic reserves continue to decline," reported the American Petroleum Institute. "This agreement totally ignores the energy security of this nation and will jeopardize this country's ability to meet its energy needs in the next 15 years."

THE DEAL SPLIT THE GOP DELEGATION. Eleven of California's 18 Republican congressmen fired off a letter to the president charging that the agreement would injure the nation's economic growth, balance of trade and energy security. Congressman Dan Lungren of Long Beach, where drilling would be permitted, said the deal favored sea otters over surfers. Another Republican, William Dannemeyer of Fullerton, who's gearing up for next year's Senate race, complained that Hodel dealt primarily with Democrats. But lack of unity in GOP ranks weakened the opposition. Republican Bill Lowery of San Diego, a key negotiator in the talks with Hodel, won protection from future drilling for his area. And with Senator Wilson's stamp of approval, the deal seemed solidly anchored.

Hodel, who set off to take his own soundings in California, argued it was better to open a few areas to drilling than to keep the issue permanently tied up in the courts and in Congress. He also was pleased that his low-key approach had yielded more results than Watt's flamboyant style. Californians involved in the agreement predicted Hodel would not back off. Panetta basically trusts Hodel, said an aide to the Monterey congressman. That, alone, represents quantum progress since the turbulent Watt years.

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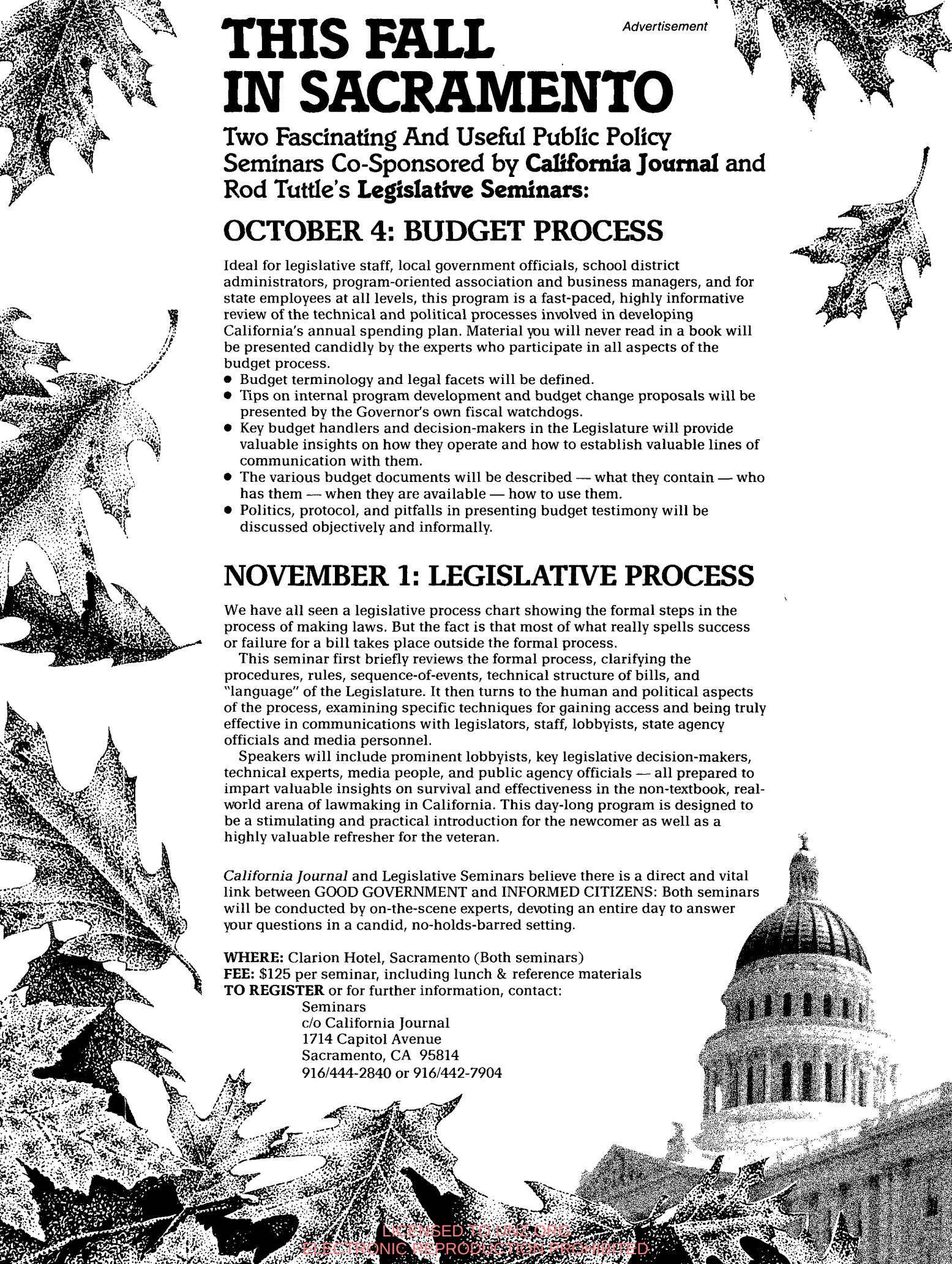

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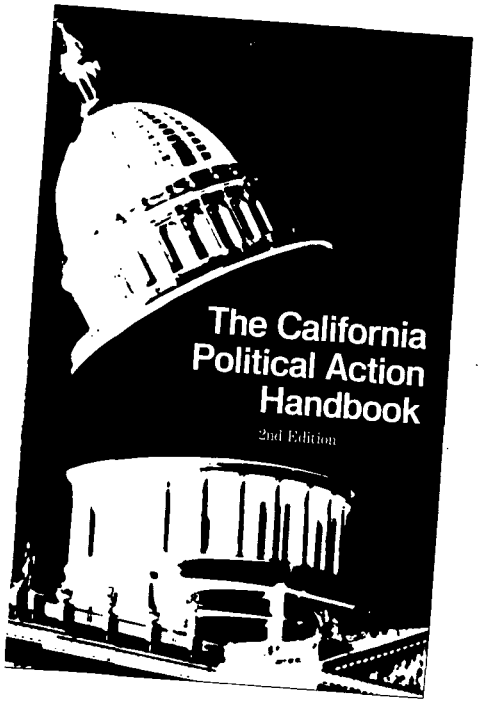

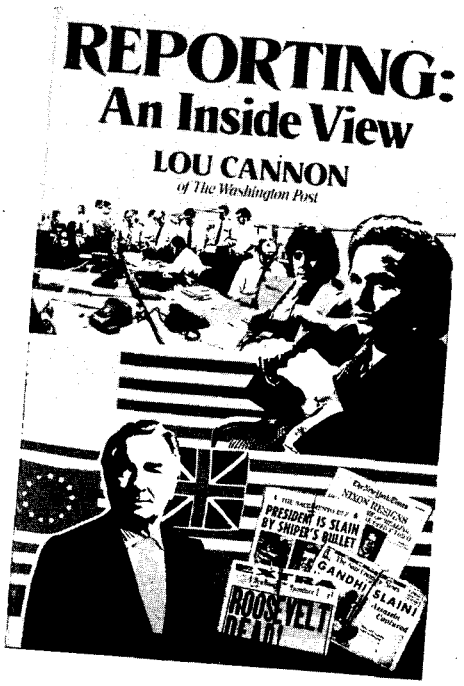

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